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STATE OF MICHIGAN

DEPARTMENT OF COMMERCE

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FINANCIAL INSTITUTIONS BUREAU

PLAZA CENTER BUILDING
TENTH FLOOR
LANSING, MICHIGAN

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ANNUAL REPORT

CALENDAR YEAR 1986

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COMMISSIONER'S COMMENTS

I am pleased to state in the 98th report of the Financial Institutions Bureau that Michigan's financial institutions are sound and meeting the financial service needs of Michigan residents. Not one state-chartered bank, credit union or savings and loan association in our state failed in 1986, and their federally chartered depository financial institution counterparts also performed well.

Regrettably, this record was marred in 1986 by the failure of a licensed non-depository money order issuer, NWFX, Inc., located in Arkansas. When the company was unable to honor its money orders, it was closed. The company subsequently sought the protection of the Federal Bankruptcy Court. It is estimated that Michigan residents -- mostly in the Detroit area -- hold $1.5 million in money orders which, as of this writing, have not been repaid by the Arkansas Bankruptcy Court. (It is expected that holders who filed claims with the court will receive at least partial payment in 1987.)

Michigan residents were also hard-hit by disclosure of problems at Diamond Mortgage, a mortgage company and its securities broker affiliate, A. J. Obie, in 1986. Investors and borrowers could lose up to $47 million.

Both of these non-depository financial institution failures occurred in industries where little modernization has occurred in their regulation until recently. The failures occurred amid discussions of legislation that had been introduced to increase consumer protections and improve operating standards in the laws governing both industries. The NWFX failure gave added impetus to negotiations to modernize the state's Sale of Checks Act and, in December, a new law was enacted that imposes higher standards of performance and security on those who issue money orders in Michigan. The practices of Diamond Mortgage-A.J.Obie spurred resumption of discussions on a bill to regulate the business of making first mortgage loans. I am confident that an effective bill will be enacted in the 1987 session. It is hoped that enactment of legislation to regulate mortgage companies will give the Bureau what the modernization of the Sale of Checks Act provided, namely, an enhanced ability to prevent serious financial losses to Michigan residents.

But 1986 also had its share of achievements. December saw the culmination of four years' effort to modernize Michigan's credit union law. Easing of certain restrictions and new powers will help the state's credit unions meet the challenge of competing in a deregulated environment. Additional regulatory tools will help to enable the Bureau to ensure the safety and soundness of Michigan's state-chartered credit unions.

Last year, I reported that Governor Blanchard had signed into law a new bank structure bill which permitted, among other things, regional interstate banking on a reciprocal basis. While activity under the new law was slow at the outset, the number of interstate applications has mushroomed. Intrastate applications by bank holding companies also have increased dramatically.

As a result of these changes, we have modified our supervisory techniques. During 1985 and 1986, we participated in a series of meetings with our counterparts in the Midwest to determine how we could reduce the burden on interstate banking organizations of regulation by more than one state. Consequently, we have made some basic determinations regarding the existence of reciprocity and we have entered into agreements regarding exchange of information with our counterparts in Ohio, Illinois and Indiana. In addition, we are exploring similar arrangements with our federal counterparts in the Midwest.

It is clear that, while supervision and regulation of interstate bank holding companies are responsibilities of both state and federal regulators, control of the nature and structure of interstate banking -- as well as access to interstate banking -- is lodged with state regulators alone.

Implementation of the interstate banking act required that we consider the community reinvestment (CRA) records of all applicants for interstate banking approval. Our procedures now involve soliciting comment from community groups on the CRA records of the banks involved in order to assess whether local financial service needs are being met. In addition, we analyze affiliated banks' mortgage and home improvement lending patterns as reported under Michigan's Mortgage Anti-Redlining Act.

These new procedures have heightened the need for timely analysis of data lenders submit each year under the Michigan Mortgage Anti-Redlining Act regarding the location and terms of their mortgage and home improvement loans. Analysis of data submitted in March 1986 for loans made during 1985 was completed in mid-December 1986 -- three months faster than the previous analysis. This year, we hope to reduce analysis time by another two and one half to three months.

The modernization which has occurred and is continuing in the financial sector has also led us to reemphasize our commitment to consumer protection and consumer education. The changes that have occurred have made many people less certain of where they stand in dealing with financial institutions. My staff and I believe it is important for consumers to be comfortable with financial matters and have undertaken a new approach to providing needed information. In early 1987, we will commence production of a television program designed to acquaint consumers with the things they need to know about financial services in order to deal effectively with financial institutions. The program will air initially on an East Lansing cable television channel, but will be made available to other cable stations around the state. We also plan to produce a new brochure on home equity loans and, as always, our staff will be available to talk with school and community groups about what they need to know regarding financial services.

We are very proud that on April 28, 1987, the Bureau became only the fifth state bank regulator in the nation to be accredited by the Conference of State Bank Supervisors. Accreditation followed our initial review of our own bank supervision operations and a stringent on site review by a team of our peers. We work closely with federal bank regulators, and accreditation serves to assure them -- as well as Michigan citizens -- of the quality and reliability of our supervisory programs.

We're proud, too, that in September, the National Association of State Credit Union Supervisors (NASCUS) selected the Bureau's credit union division director, Michael Fitzgerald, as its president. The changes occurring across the country in the credit union industry make this a challenging time for NASCUS and its leadership. We are pleased that NASCUS' members looked to Mr. Fitzgerald for that leadership.

Legislation was enacted in 1986 to permit formation of Business and Industrial Development Corporations (BIDCOs) in Michigan. These organizations are structured to help fill the financing gap that exists between low-risk, low-return financing from banks and the high-risk, high-return financing provided by venture capitalists. Over 20 parties have expressed an interest in forming BIDCOs, and one application was received last year. I am confident that BIDCOs will help to promote economic growth in Michigan.

The outlook for 1987 is equally exciting. We anticipate formation of several BIDCOs, continued growth in interstate activity of bank holding companies, and additional consolidation of holding company subsidiary banks. We hope to announce establishment of new foreign bank agency offices in 1987 and to see development of a plan that will help Detroit become a regional financial center. (See text of this report for background information.) And we will work hard to maintain the level of professional excellence which earned us national accreditation.

Eugene W. Kuthy

Eugene W. Kuthy
Commissioner

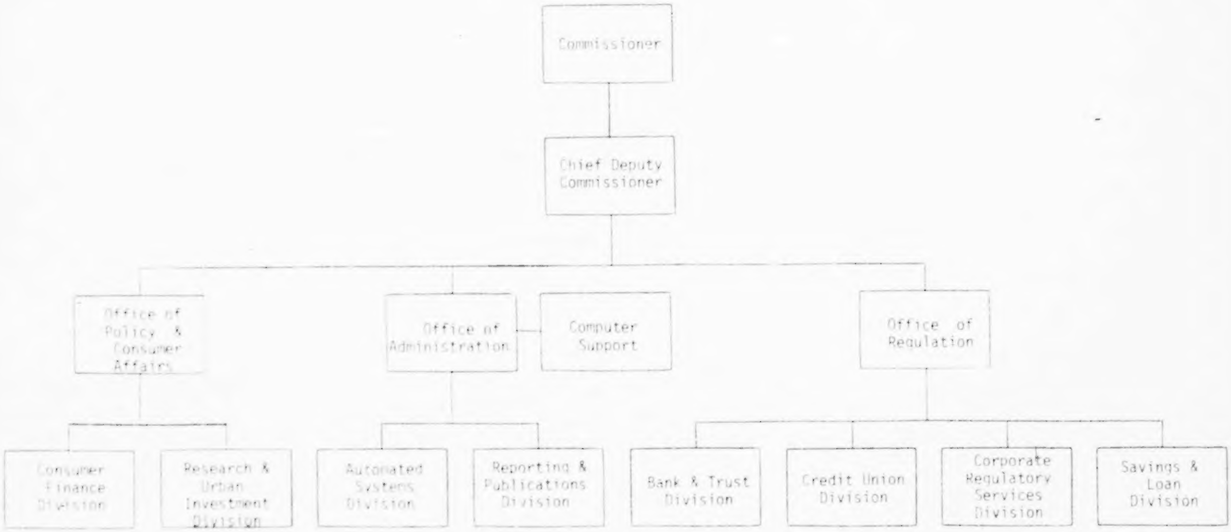
FINANCIAL INSTITUTIONS BUREAU

The Financial Institutions Bureau of the Michigan Department of Commerce was created under Section 11 of the Michigan Banking Code of 1969 and is responsible for the chartering, regulation, examination and supervision of state-chartered banks, credit unions and savings and loan associations. The Bureau also licenses and supervises the activities of regulatory loan companies, motor vehicle installment sellers, sales finance companies, secondary mortgage lenders, sellers of money orders, credit card issuers and BIDCOs (Business and Industrial Development Corporations); administers and enforces Michigan's mortgage anti-redlining law; monitors electronic fund transfer activities and conducts various consumer complaint and information programs.

Organization

The overall administration of Bureau activities is the responsibility of the Commissioner of the Financial Institutions Bureau. The Commissioner is appointed by the Governor with the approval of the Senate and serves at the pleasure of the Governor under the provisions of the Michigan Banking Code. The Commissioner is assisted in the administration of the Bureau by a Chief Deputy Commissioner, Deputy Commissioners of the Office of Regulation and Office of Policy and Consumer Affairs, and the Director of the Office of Administration.

ORGANIZATIONAL CHART



Commissioner
Chief Deputy Commissioner
Office of Policy & Consumer Affairs
Office of Administration
Computer Support
Office of Regulation
Consumer Finance Division
Research & Urban Investment Division
Automated Systems Division
Reporting & Publications Division
Bank & Trust Division
Credit Union Division
Corporate Regulatory Services Division
Savings & Loan Division

Mission and Goals

The primary mission of the Financial Institutions Bureau is to maintain public confidence in Michigan's financial institutions. To fulfill this mission, the Bureau has three major goals:

1. To ensure that safe and sound financial practices, which minimize the risk of insolvency, are being exercised.

2. To ensure that financial services are available to meet public (consumer and business) demand and that consumer/depositor protections are adequate.

3. To maximize the capacity of Michigan's financial intermediary system to foster efficient and effective use of Michigan's capital resources.

The Bureau achieves these goals by:

- Examining and supervising financial institutions;

- Developing a highly efficient and effective staff; and,

- Developing and maintaining open lines of communication with consumers, financial industries, governmental agencies and others.

Bureau Revenue and Expense

The Bureau is 87% funded from restricted bank and credit union fees. The remaining spending authorization was funded with general purpose state funds. We will continue to pursue legislation that would generate and restrict fees to fund consumer protection regulation.

Total revenue in fiscal year (FY) 86 increased by 12% to $5,433,000. Bureau expenditures increased 8% in FY 86 to $5,979,000. The ratio of revenue to expenses in FY 86 was 91%, up slightly from FY 85.

BUREAU REVENUE AND EXPENSE

Dollars In Thousands

	FY 1982		FY 1983		FY 1984		FY 1985		FY 1986	
Program	Revenue	Expense	Revenue	Expense	Revenue	Expense	Revenue	Expense	Revenue	Expense
Bank and Trust	$2,323	$2,479	$2,334	$2,563	$2,752	$2,898	$2,996	$3,251	$3,408	$3,472
Credit Union	656	1,269	998	1,294	1,410	1,467	1,656	1,601	1,808	1,703
Savings and Loan	60	248	53	225	51	263	41	218	30	276
Consumer Finance	152	338	171	315	162	275	161	257	187	336
Mortgage Anti-Redlining	0	176	0	186	0	160	0	194	0	192
TOTALS	$3,191	$4,510	$3,556	$4,583	$4,375	$5,063	$4,854	$5,521	$5,433	$5,979

Regulatory Responsibilities

At year-end 1986 the Bureau was responsible for the regulation, examination and supervision of 782 financial institutions with assets in excess of $44 billion.

STATE-REGULATED FINANCIAL INSTITUTIONS
Dollars in Billions

	Banks		Credit Unions		Savings and Loans		Regulatory Loan Licensees		Totals	
	1985	1986	1985	1986	1985	1986	1985	1986	1985	1986
Main Offices	241	238	480	465	11	9	70	70	802	782
Branch Offices	1,137	1,162	---	---	22	23	---	---	1,159	1,185
Total Assets	$34.4	$37.2	$5.4	$6.6	$.61	$.72	$.3	$.4	$40.71	$44.92
Total Loans	$19.1	$20.6	$2.6	$3.0	$.53	$.58	$.1	$.1	$22.33	$24.28
Total Deposits	$29.7	$32.4	$5.1	$6.1	$.53	$.60	---	---	$35.33	$39.1

It is primarily through the examination and supervision process and the regulation of corporate activities that the Bureau determines if Michigan's state-regulated financial institutions are complying with applicable law and exercising sound financial practices. The Bureau continues to play a more active role in evaluating management, boards of directors, their policies and programs and to pursue steps to ensure that each institution's board of directors and management recognize their responsibility for the safe and sound operation of the financial institution.

During an examination, Bureau examiners evaluate an institution's management, quality of assets, capital adequacy, earnings and liquidity. If an examination reveals a situation which may constitute a potential threat to the safety and soundness or the solvency of the institution, appropriate supervisory action is initiated. Such action may include board meetings, memoranda of understanding, cease and desist orders, officer and director removals and an extensive program of follow-up visitations of problem institutions.

In addition to examinations, the Bureau conducts on-premise evaluations of data processing centers serving financial institutions. The purpose of these evaluations is to bring to the attention of financial institutions areas in data processing operations which could lead to inaccurate, interrupted or discontinued processing.

Outlook for the Future

One of the main objectives of the Bureau is to help foster economic growth in Michigan. Financial institutions traditionally have played a vital role in promoting economic development and expansion in our state and will continue to do so in the future. The Bureau is strongly committed to researching and developing new programs which are responsive to public need, encourage innovation and competition within the industry, and assist in Michigan's economic revitalization.

SIGNIFICANT DEVELOPMENTS

Bank Structure Developments

As was noted in last year's annual report, two recent U. S. Supreme Court decisions cleared the way for continued development of interstate banking activity. In Northeast Bancorp., Inc. v Federal Reserve Board, the Supreme Court upheld state laws that permit bank acquisitions across state lines limiting participation to banks in specified states. This decision encouraged the development of various regional compacts, and allowed individual states to determine the pace and scope of any transition to nationwide banking.

In the second decision, Federal Reserve Board v Dimension Financial Corporation, the Court found that the Federal Reserve Board had exceeded its legal authority in attempting to restrict the activities of nonbank banks. These nonbank banks are attractive because they allow an organization to establish a physical presence within a given state, notwithstanding prohibitions on interstate banking. These limited-service "banks" may make commercial loans or accept demand deposits but may not do both. Many believe that further expansion of nonbank banking will accelerate the development of nationwide banking.

Due in part to the absence of any Congressional action providing for new banking powers or restrictions on nonbank banks, the implementation of interstate banking legislation emerged as one of the few significant developments within the industry during 1986. Nationwide, 14 states enacted interstate banking legislation during the year. Within Michigan's five-state contiguous region, Minnesota and Wisconsin both enacted legislation during the year which authorized reciprocal interstate banking, although the Minnesota legislation defines a region of contiguous states which does not include Michigan. The remaining states, Illinois, Indiana, Ohio and Michigan had previously enacted their own versions of interstate banking.

In the first year of implementation of Michigan's new law, which became effective on January 1, 1986, out-of-state bank holding companies received approval to acquire five Michigan banks. Conversely, Michigan bank holding companies acquired three Indiana banks and six Illinois banks and established a limited purpose, de novo bank charter in South Dakota. In addition, an application of a Michigan bank holding company to acquire an Illinois bank holding company with seven subsidiary banks is currently pending.

It is still too early to assess the impact of these acquisitions on competition, net flow of funds, community reinvestment and branch closures. However, all acquisitions of Michigan banks are subject to the approval of the Commissioner of the Financial Institutions Bureau who must assess the following five factors: first, that the laws of the state in which the bank holding company is located authorize a Michigan bank holding company to acquire one or more banking institutions located in that state under conditions that are not unduly restrictive; second, that an acquisition by a Michigan bank holding company in that state would not restrict the powers or privileges of the banking institution acquired; third, that an acquisition is not likely to impair the safety and soundness of the Michigan banking institution to be acquired or a Michigan banking institution that is already controlled by the acquiring bank holding company; fourth, that an acquiring bank holding company agrees in writing that the bank holding company and all its subsidiaries, wherever located, will comply with Michigan's usury and consumer protection laws (other than laws governing unsecured open-end credit) when making loans to Michigan residents who do not travel out of the state to obtain the loan; and fifth, that the composite record of the bank subsidiaries of the bank holding company in meeting the credit needs of their respective communities is satisfactory. A thorough assessment of these factors will help ensure that the acquisition of Michigan banks will be accomplished while the safety and soundness of the institutions is maintained and the credit needs of Michigan residents are met.

In addition to authorizing interstate banking, the Banking Code of 1969 now permits a Michigan bank holding company to consolidate its subsidiary banks into a maximum of six surviving banks on a statewide basis. These banks, known as section 172 banks (the authority to designate such banks is found in section 172 of the Banking Code of 1969), may operate the existing offices of the consolidated institutions as branch offices, notwithstanding the current branching restrictions. Following the consolidation, a surviving bank may establish and operate new branches, subject to the same geographic and home office restrictions which had previously applied. The branching location of the surviving bank (the designated point of reference from which a surviving bank's prospective branching is determined) will be permanent, irrespective of whether the main office of the bank is later moved or closed. However, should the surviving bank subsequently consolidate or merge with or sell its assets to another bank, the branching location may be changed to accommodate the newly organized institution.

The law provides for a 2-1/2 year waiting period after a de novo bank is established before it can become part of the consolidated branching network of an existing bank in a bank holding company system. Also, two or more independent banks subject to the 2-1/2 year waiting period, can consolidate on a statewide basis irrespective of the current branching restrictions. The surviving section 172 bank to such a consolidation would, however, be subject to the same geographic and home office restrictions on prospective branching as had previously applied.

Activity under the new provisions of the Michigan Banking Code has been limited. Through 1986, there were nine "172" bank designations, of which one resulted in the consolidation of four banks under a holding company structure into a one-bank holding company. Another designation has not resulted in any consolidations to date, however, this major bank holding company expects to consolidate most, if not all, of its subsidiary banks under a single "172" bank. The other "172" designations and consolidations appear to be regionalized groupings of holding company affiliate banks most of which are within the major metropolitan areas of the state.

Credit Union Structure Developments

The Credit Union Modernization revamps the 60-year-old Michigan Credit Union Act. The amendatory act broadens the investment powers of credit unions, liberalizes the provisions governing credit union service organizations and gives the commissioner added regulatory tools to deal with troubled or problem credit unions. In addition, the legislation liberalizes the authority to merge; a credit union now may merge with another credit union notwithstanding the nature of the continuing credit union's field of membership. Also, the statutory requirements for a conversion from a state-chartered credit union to a federal credit union were eased. (See Legislative Developments for more discussion of the Credit Union Modernization.)

Farm Aid

As part of his continuing effort to assist Michigan farmers, Governor Blanchard signed House Bill 4850 into law (P.A. 242) on December 3, 1986, to implement the Michigan Farm Disaster Relief Program. This program will make available up to $200 million through Michigan banks and production credit associations to assist Michigan farmers who suffered weather-related losses during 1986. Loans will be made to qualifying farmers at zero percent interest for a term of at least three years. After that time period, the participating financial institution would be required annually to review the loan and determine whether the farmer would experience financial stress and difficulty repaying all or part of the loan if it is renegotiated at the then current market interest rate for that type of loan. The program will operate in conjunction with the $139 million Michigan Farm Loan Program already in existence.

Under the Farm Disaster Relief program, the State Treasury will place deposits with participating financial institutions in the form of collateralized, zero percent certificates of deposit. These funds, in turn, will be loaned to qualifying farmers interest-free. To compensate the financial institution for the cost of processing the loan, the financial institution could qualify to receive an additional reserve investment equal to 20% of the amount loaned to farmers. This additional investment would bear a 0.1% interest rate payable to the State Treasury, however, no restrictions would be placed upon the use of these funds by the financial institution or on the rate of return that the financial institution may earn. Deposits or investments by the State Treasury will roll over approximately every 90 days and any repayments made by farmers in that period will reduce the renewed investment by that amount. The 20% reserve investment will also be reduced proportionately.

To meet the needs of those lenders that are prohibited constitutionally from accepting additional State deposits or that desire to use their own funds to make qualified loans, the law authorizes the State Treasurer to disburse an interest rate subsidy to these lenders. The subsidy will not exceed the lesser of the State's earnings on its own investments for the period or the interest rate the financial institution would have charged had the subsidy not been available.

A subsidy will only be provided for loans made after December 5, 1986 and before June 30, 1987. The payments will be made on a quarterly basis and are subject to annual appropriations. Further, the law does not allow for the appropriation of administrative and risk costs. A financial institution participating in the interest rate subsidy program, however, will be entitled to a 0.1% reserve deposit equal to 20% of the loan being made with the financial institution's own funds. If the financial institution is at its constitutional limit for deposits, it may convert existing deposits into interest subsidy loans in order to provide the ability to receive more deposits.

Detroit as a Regional Financial Center

During 1986, in response to interest expressed by the Detroit Economic Growth Corporation and others, the Bureau has been assisting in exploring the feasibility of a program to promote Detroit as a major, regional financial center in the Midwest. This concept envisions the emergence of one or more regional money center banks in Detroit as the centerpiece to this transformation. Concurrent developments in the areas of expanded foreign banking activity and international trade would complement this effort, as would the location of other major financial industry organizations within the Detroit metropolitan area. One major area of potential development is the diversification of the automobile companies into various financial services such as auto financing, mortgage lending, and commercial credit.

Initial discussions with civic, business, and political leaders from throughout the metropolitan Detroit area have been undertaken to assess the feasibility, interest, and resources available to implement such a proposal. It is the Bureau's intent to continue to support the review effort by this diverse consortium of private interests and assist in bringing this concept to fruition.

Other FIB Efforts in Economic Development

As part of the Financial Institutions Bureau's continuing efforts to assist in Michigan's economic development, the Bureau has been heavily involved in the ongoing implementation of the 1986 Michigan BIDCO Act provisions (See LEGISLATIVE DEVELOPMENTS.) In addition to developing standardized application procedures designed to ascertain the likelihood of successful operation, the Bureau has developed procedures for applicant investigations and annual examinations, and ongoing reporting requirements. The Bureau has implemented, as required by the statute, a process whereby an applicant may receive preliminary approval as a Business and Industrial Development Corporation prior to receiving full commitments for the required capitalization or establishing a full complement of directors. This preliminary approval process will enable a potential BIDCO to have reasonable assurance of final license approval prior to attempting to solicit full capitalization from potential investors.

The Bureau has been actively involved in discussions with potential BIDCO applicants regarding the requirements of the act and the license approval process. As of December 31, 1986, the Bureau had received 66 inquiries regarding the application process for license as a Business and Industrial Development Corporation. Serious discussions have continued with a number of interested parties and with the Michigan Strategic Fund which is involved in a major program to help capitalize a number of BIDCOs. It is anticipated that the first BIDCOs will be licensed before mid-1987.

CSBS Accreditation

The Conference of State Bank Supervisors (CSBS) is the professional organization of those public officials who charter, regulate and supervise all state-chartered commercial and savings banks. Founded in 1902 as a clearing-house for state bank supervisors to share ideas on common problems, the conference today provides a broad range of services including specialized education and training programs for its members; representation in the federal legislative arena, in federal court cases and in federal regulatory proceedings involving state banking rights; acting as a liaison between state and federal bank regulatory agencies; providing research and resource assistance and working to improve the effectiveness and efficiency of individual state banking departments.

The CSBS has developed a comprehensive state banking department performance accreditation program designed to recognize and enhance excellence in state regulation and reduce duplicate federal regulatory and supervisory activity over state-chartered banks. The accreditation program involves a comprehensive review of the critical elements which assure a banking department's ability to discharge its responsibilities through investigation of its administration, finances, personnel policies and practices, training programs, examination and supervisory procedures and statutory powers.

The Bureau requested a formal accreditation review in September of 1985 after undertaking an extensive self-examination program. The on site portion of the review was conducted in February, 1986 and on June 6, 1986, the Bureau was presented with a certificate of accreditation for excellence in bank regulation. Michigan was only the fifth state in the nation to meet the stringent standards imposed by this accreditation process.

Summary of Orders, Rules, Releases and Bulletins

The Bureau issued three declaratory rulings and two bulletins in 1986. The first declaratory ruling, requested by Michigan National Bank, Lansing, concerned whether charging a late charge for a delinquent credit card payment constitutes "interest" or "interest and charges" under applicable law and therefore must be included in the calculation of the interest rate. The Bureau concluded that a bank could assess a reasonable late charge in connection with a delinquent payment made under a credit card agreement and such late charge does not constitute "interest and charges" under Section 191(a) of the Banking Code of 1969 or "interest" under Section 718(3) of the Savings and Loan Act of 1980. The Bureau made its conclusion subject to two conditions: the right to assess and collect a late charge must be contained in the bank's agreement with its credit cardholders and the amount of the late charge should be a flat fee and should be reasonable and fairly reflect the amount of additional expenses that the bank typically incurs in handling delinquent payments.

The second declaratory ruling was issued in response to a question raised by First Union Mortgage Corporation (FUMC) on whether Sections 802-804 of the Garn-St. Germain Depository Institutions Act of 1982 (GSDIA of 1982) preempt state law provisions in the Secondary Mortgage Act prohibiting adjustable rate second mortgage loans made by licensees under the act. The Bureau concluded that FUMC may make non-purchase money adjustable rate second mortgage loans in reliance on the federal preemption contained in the GSDIA of 1982 and the regulations applicable to housing creditors other than banks and credit unions. In order to avail itself of the federal preemption, the Bureau noted that FUMC first must obtain a license under the Secondary Mortgage Act.

The third declaratory ruling, requested by Household Finance Corporation (HFC), dealt with the authority of licensees under the

Secondary Mortgage Act to make fixed-rate and variable-rate, real estate secured, revolving (open-end) second mortgage loans pursuant to the "Alternative Mortgage Transaction Parity Act of 1982" (Title VIII of the Garn-St. Germain Depository Institutions Act of 1982). The Bureau concluded that HFC may offer and provide, through its licensed secondary mortgage loan subsidiary Household Realty Corporation, fixed-rate and variable-rate, real estate secured, revolving second mortgage loans in reliance on the authority of Title VIII of the Garn-St. Germain Depository Institutions Act of 1982 and the regulations issued thereunder.

In addition to the declaratory ruling issued in response to the request by Household Finance Corporation, the Bureau issued a bulletin to all secondary mortgage licensees in Michigan clarifying its position regarding the application of a number of the provisions of the Secondary Mortgage Act and how they relate to real estate secured, open-end secondary mortgage loans made under the authority of the federal preemption. The bulletin noted that because Title VIII of the Garn-St. Germain Depository Institutions Act of 1982 did not expressly preempt the $3,000 minimum loan amount, the 18% interest rate ceiling, or the provision limiting the loan processing fee to 2% of the gross amount of the loan but not more than $200, these provisions would continue to apply to loans made in reliance on the federal preemption.

The Bureau also issued a bulletin to all state-chartered credit unions expressing concern over the rapid growth in shares and deposits which, in many cases, has outstripped the rate of growth in reserves and undivided earnings and has greatly surpassed the amount needed to satisfy loan demand. The Bureau urged credit unions to examine the interest rates paid for savings and charged on loans in the context of the twofold purpose of promoting thrift and making loans at legitimate rates of interest for provident purposes. The concern over rapid growth prompted the Bureau to emphasize the importance of adopting and exercising a safe and sound investment policy that minimizes risk when investing excess liquidity.

Legislative Developments

House Bill No. 5540 (P.A. #278)

Act No. 278 of 1986 (The Credit Union Modernization), as the name suggests, revamps the 60-year-old Michigan Credit Union Act. Among the changes, the amendatory act expands the investment powers of a credit union, liberalizes the provisions dealing with credit union service organizations, and liberalizes the authority to merge. A credit union now may merge with another credit union notwithstanding the nature of the continuing credit union's field of membership. The requirements applicable to maintaining reserves and the incidental powers clause were changed to more closely parallel the comparable provisions in the Federal Credit Union Act.

The statutory requirements for a conversion from a state-chartered credit union to a federal credit union were changed. Under the new procedures, in order to convert to a federal credit union, a state-chartered credit union need no longer obtain the participation of a majority of its members and the approval by a majority of those voting. P.A. #278 eliminated the requirement that at least a majority of the membership vote on the conversion plan and changed to a requirement of a two-thirds vote of the members voting. The new procedures require a credit union to provide its members information on the advantages and disadvantages of the proposed conversion.

The new law increases the regulatory flexibility of the Bureau. Most significant is that the new law gives the Bureau conservatorship authority which, in appropriate cases, may enable it to avoid liquidating financially troubled credit unions. The Bureau also gains the power to promulgate rules authorizing state-chartered credit unions to exercise any of the powers conferred on federally chartered credit unions, provided that such powers are not inconsistent with the Credit Union Act or any other applicable Michigan law.

Substitute for House Bill 5111 (P.A. #275)

Public Act #275 modernizes the Sale of Checks Act which governs the business of issuing and selling checks, drafts, and money orders sold for a fee. The act is the primary means of safeguarding the integrity of money orders and travelers checks sold in Michigan and to ensure that adequate, reliable services are available to consumers. Two failures of money order companies in the last three years confirmed that the act should be strengthened in order to better protect the public.

PA 275 increased the required net worth of a licensee from $25,000 to $100,000. In addition, the required surety bond for a licensee was increased from $50,000 to $100,000, with the additional amount required for each additional office or agency being increased from $1,000 to $3,000. The maximum bond required under these provisions was increased from $100,000 to $250,000. The new act also gave the Commissioner new supervisory powers including the authority to make investigations and conduct hearings to determine whether a licensee or person required to be licensed has violated the act; to subpoena witnesses and documents; to issue cease and desist orders; and to appoint a conservator or, with the Attorney General representing the Commissioner, to apply to circuit court for the appointment of a receiver.

The act contains new provisions designed to protect the safety and soundness of the money order business. Specifically, the act requires that money from the proceeds of checks sold may be invested only in permissible investments. In addition, agents are required to remit the proceeds from the sale of money orders to the issuing licensee according to a specific time schedule. Licensees are required to file with the Commissioner, within 45 days of the end of each calendar quarter, a financial statement consisting of a balance sheet, income and expense statements and reports regarding the maintenance of permissible investments. The act requires licensees to maintain permissible investments during a base period (a period determined by the Commissioner which may not be shorter than three consecutive calendar months) with a book value equal to at least 100% of the average outstanding face value of checks sold in the state (except travelers checks) during the previous base period. PA 275 provides that an agent who remits a check to a licensee in the amount of the proceeds of the sale of checks that is dishonored due to insufficient funds in the account may be subject to criminal penalties set forth in the Michigan Penal Code.

Senate Bill 564 (P.A. #89)

Public Act #89 authorizes the licensing of Business and Industrial Development Corporations (BIDCOs), a new type of private financial institution authorized to provide financing and management assistance to businesses including start up and emerging growth companies. It is hoped that BIDCOs will play an important role in the economic revitalization and diversification of the state's economy. The new law authorizes BIDCOs to make SBA-guaranteed loans, collateralized or unsecured loans, equity investments in companies, and loans with equity features. BIDCOs may also provide management assistance to help ensure the success of the companies in which they invest.

The authority to license BIDCOs comes after banks, in 1985, gained the authority to make venture capital investments in emerging growth companies and in professional venture capital firms. BIDCOs are intended to fill a financing gap that exists between the low-risk, low-return financing traditionally offered by banks, and the high-risk, high-return investments made by venture capitalists. Since BIDCOs appear to be well-positioned to meet the financing needs of companies that fall within this financing gap, it is expected that BIDCOs will focus on the financing needs of small businesses.

The system of licensing and regulation of BIDCOs is designed to prevent fraud, conflict of interest and mismanagement, and to promote accurate record keeping and appropriate communication with shareholders. The regulatory system would specifically not attempt to reduce the flexibility of BIDCOs to determine the degree and type of risk-taking. Regulatory powers include authority to issue cease and desist orders, removal of officers and directors under certain circumstances, and authority to appoint a conservator or receiver.

Substitute for House Bill 4526 (P.A. #94)

Public Act #94 amends the Revised Judicature Act of 1961 by providing a mortgage lender a means by which abandonment of foreclosed mortgaged property could be conclusively presumed after foreclosure proceedings have been commenced. Prior to the change, abandonment of mortgaged property could be conclusively presumed only before foreclosure proceedings had been commenced, if the lender met certain requirements, including an inspection of the property which did not reveal that the mortgagor was occupying or intended to occupy the premises. An inspection conducted by a lender before commencement of foreclosure proceedings which revealed that the mortgagor was occupying the premises provided little assurance that abandonment would not occur later. Under the new procedures, a lender could establish, following commencement of foreclosure proceedings, that a mortgaged property has been abandoned.

Substitute for House Bill 4850 (P.A. #242)

This legislation amends the act which regulates the disposition of surplus funds in the State Treasury. The amendments authorized an additional $200 million to be made available under the Michigan Farm Loan Program. These funds will be loaned to qualifying Michigan farmers who had suffered a weather-related loss during 1986.

Under the program, the State Treasury will make deposits in participating financial institutions in the form of collateralized, zero percent certificates of deposit. These funds in turn will be loaned to qualifying farmers interest free. To compensate the institution for the cost of making the loan, an additional deposit equal to 20% of the loan amount will be made in the institution at 0.1% interest. These funds may be freely utilized by the institution until the associated loan is repaid. At that time, both the loan funds and the 20% reserve deposit funds must be repaid to the State Treasurer.

The law also provides for an alternate interest rate subsidy program for those lenders who do not qualify for deposits of state funds, or who prefer to use their own funds to make qualified loans. The subsidy will be limited to the lesser of the State's earnings on its own investments for the period or the interest rate the financial institution would normally charge had the subsidy program not been available. Participating financial institutions would also qualify for the 20% reserve deposit funds as further compensation for the cost of making these loans.

Senate Bill No. 592 (P.A. #23)

Public Act #23 amends the Common Trust Fund Act to allow any state bank, national bank or trust company, which is authorized to act in a fiduciary capacity in this state, to charge a reasonable fee for administering a common trust fund in addition to recovery of reasonable expenses. Previously, these financial institutions were limited to collecting only reasonable expenses for the administration of a common trust.

Senate Bill No. 594 (P.A. #20)

P.A. #20 extends the December 31, 1984 sunset date contained in the Credit Union Act on the 16.5% per year interest rate ceiling applicable to a loan made for the purchase of a motor vehicle to December 31, 1987. During the period beginning on December 31, 1984 and ending on December 31, 1985, the Savings and Loan Act of 1980 prescribed an interest rate ceiling of 16.5% per annum on a loan made for the purchase of a motor vehicle.

PLANS AND OBJECTIVES FOR THE FUTURE

Self-funding

The Bureau's commitment to self-funding for the majority of its functions, with the exception of the mortgage anti-redlining program, continued through 1986. This concept envisions that the fees which are assessed on financial institutions for licensing and examinations will fund the total cost of their supervision and regulation.

The self-funding legislation for banks and credit unions, which was enacted in December of 1982, has provided most of the funding requirements for those divisions, including their proportional shares of administrative overhead and policy support. The credit card self-funding legislation enacted in December of 1984 has not had the same effect because there are no credit card companies licensed under the act. Self-funding language was also included in the fee provisions of the Michigan BIDCO Act which became effective on May 1, 1986. To date, no BIDCOs have been licensed under the act. More recently, self-funding language was incorporated in an amendment to the Sale of Checks Act which regulates the sale of checks, drafts and money orders sold for a fee. These changes became effective on December 18, 1986.

Efforts will be made by the Bureau during 1987 to introduce self-funding legislation for other licensed providers of financial services in Michigan. These efforts will include proposed amendments to the Motor Vehicle Sales Finance Act, the Secondary Mortgage Act and the Savings and Loan Act to implement self-funding fee structures. Consistent with these efforts, the Bureau intends to include self-funding in future legislative initiatives affecting the Bureau's responsibilities.

Economic Development Activities

The Bureau anticipates the introduction and enactment of legislation which will amend the Savings and Loan Act of 1980 to allow for the formation of state-chartered savings banks. This effort is an attempt to strengthen the state-chartered industry in Michigan with expanded investment and lending capabilities. By offering savings banks a choice between FSLIC and FDIC deposit insurance, the bill will help to assure that the State of Michigan once again will play a major role in the chartering and regulation of an industry comprised of specialized residential housing creditors.

The Bureau is also involved in a foreign banking promotion program in conjunction with the Foreign Bank Advisory Committee established by Commissioner Kuthy in mid-1985. This committee is involved in continuing efforts to attract additional foreign bank agencies to Michigan, with the goal of providing new capital for investment purposes. Regulators in states which have permitted foreign banks to establish offices, report that foreign banks have made sizeable investments in their states and that the presence of foreign banks in a state can be attractive to foreign industries looking to establish U.S. offices and act as a conduit to facilitate international trade. Additional information on the foreign banking promotion program is detailed in the Corporate Regulatory Services Division portion of this report.

The Bureau will continue to help administer the Farm Loan Program instituted in 1985 and the Farm Disaster Relief Program initiated during 1986. The Farm Loan Program provides below-market interest rate agricultural loans of up to $100,000 to qualified farmers. The Farm Disaster Relief Program provides interest free loans of up to $200,000 to Michigan farmers who suffered weather-related losses in 1986. These efforts will help ensure a strong agricultural economy in Michigan.

Implementation of Recent Legislation

The implementation of recently passed legislation will involve the Bureau in a number of areas in the upcoming year. As mentioned earlier, the passage of the Michigan BIDCO Act of 1986 will require the development of application and examination procedures for this new form of financial institution.

Further refinement of these processes will undoubtedly require the promulgation of administrative rules to effectively administer the act. It is anticipated that a number of organizations will be licensed as BIDCOs by year-end 1987.

The modernization of the Michigan Credit Union Act in the latter part of 1986 will necessitate the promulgation of new and revised administrative rules to accommodate the changes. The development of rules, along with the drafting of amended standardized credit union bylaws, will be completed during 1987. The 1986 amendments to the Sale of Checks Act now require licensees to file quarterly with the Financial Institutions Bureau consolidated financial statements and details of their permissible investment activity. Previously, licensees were only required to report consolidated financial statements annually. These changes, along with expanded enforcement activities, will necessitate a revision in the Bureau's procedures which will be addressed during 1987.

Cable Television Program

In an effort to strengthen the Bureau's inhouse consumer education effort, the Office of Policy and Consumer Affairs plans to produce a series of half-hour consumer education programs on financial issues. Entitled "Common Cents", the programs will be produced to provide practical information about everyday financial topics. Commissioner Eugene Kuthy is tentatively scheduled to host the 12 shows, which will be shown on local cable television.

Production of the program is made possible through utilization of the public access facilities of WELM-TV in East Lansing, Michigan. Bureau staff were trained to operate the production equipment and program guests will include representatives from the financial services industry, individuals involved in consumer affairs issues, and employees of the Financial Institutions Bureau. Copies of the tapes will be made available to school and community groups, financial institutions, and other cable television stations throughout the State.

Omnibus Financial Services

Commissioner Kuthy appointed an Omnibus Licensing Advisory Committee to more fully examine ways that financial services could be restored to neighborhoods that, in recent years, have suffered the loss of financial services. The committee developed a proposal to authorize a company to obtain a license authorizing it to engage in up to six financial service activities that presently require separate licenses. The proposed legislation would authorize a licensee to engage in any or all of the activities authorized under the following licensing statutes: Regulatory Loan Act of 1963, Secondary Mortgage Act, Sale of Checks Act, Motor Vehicle Sales Finance Act (the activities of a sales finance company only), the proposed Mortgage Company Act, and the Credit Card Act. The proposal would authorize a licensee to offer safe deposit services and to purchase home improvement and retail installment sales contracts (entered into under the Home Improvement Finance Act and the Retail Installment Sales Act, respectively). The proposal would also allow the Commissioner to authorize other activities which do not conflict with existing state or federal laws such as check cashing and tax preparation services. The proposal specifically prohibits licensees from engaging in debt management, real estate brokerage services and pawnbroking.

At the close of 1986 the Advisory Committee had completed its deliberations, and Bureau staff were in the process of finalizing the Committee's formal report along with specific language for the final draft of the proposed legislation.

Mortgage Company Legislation

The Bureau will be supporting legislation in 1987 to require the licensing and regulation of certain mortgage companies in Michigan. The bill would, however, exempt banks, savings and loan associations, credit unions, and any mortgage lender that makes five or less mortgage loans in any 12-month period.

The proposed legislation has been the subject of extensive negotiations involving the

Financial Institutions Bureau, the Attorney General's office, the Michigan Consumers Council, the Corporations and Securities Bureau, the Mortgage Bankers Association and the Michigan Bankers Association. It is anticipated that acceptable language will be finalized early in 1987 and the legislation introduced shortly thereafter.

The legislation is designed to establish a regulatory framework in order to prevent abuses like those that came to light following the failures of several mortgage companies. Initially, the legislation contained provisions restricting the points and fees that may be assessed in connection with the making of a first mortgage loan by a mortgage company. These restrictions subsequently were removed and other consumer protections substituted. The proposed legislation would also require each licensee to furnish a surety bond (or deposit securities with the State Treasurer) to secure the faithful performance of the legal obligations of the licensee.

Home Equity Lending Brochure

As a result of the recently revised federal tax code and expanded marketing efforts of lending institutions, the number of home equity loans and lines of credit has grown considerably. In response to the increasing popularity of these instruments, the Bureau will be developing a consumer brochure explaining the provisions and limitations of such arrangements.

This brochure will review the various laws governing the provisions of loans secured by a junior lien on residential real property. Such factors as interest rate limitations, fee limitations and minimum loan amounts will be examined as they relate to various types of lenders. The brochure will discuss interest rate calculation and payment provisions as well as the risk of foreclosure.

OFFICE OF REGULATION

GARY K. MIELOCK
Deputy Commissioner

Phyllis Groenewoud
Administrative Law Specialist

BANK AND TRUST DIVISION

DONALD P. MANN, Director; Joseph Petterson, Assistant Director; Stephen Trembath, Senior Review Examiner; Larry Snively, Examiner

Examiners:

Region I Detroit	John Schumacher (Regional Supervisor), Walter Baier, James Brown II, Joanne Brown, Duane Gaunt, Donald Hermann, Michael Lesiak, William Pilkington, Marianne Schmidt, Chris Werwega, Joanne West
Region II Lansing	Ralph Morr (Regional Supervisor), Karen Ammarman, Michael Anderson, Dawn Baetsen, Robert Caruso, Rae Farris, Patrick Holleran, Charles Lentz, Curtis McMillin, Donald Priestley, Gary Thielsen
Region III Grand Rapids	Irwin Van Noord (Regional Supervisor), Robert Alexander, Thomas Curtiss, Gordon Freeman, Carol Gorton, Karl Johnson, Charlie Kohler, Donald Pickell, Sheila Vigh
Region IV Northern	Dale Fockler (Regional Supervisor), Tina Ballard, Tom Battle, Kathleen Billmeier, Michael Friedrich, James Frost, Kathleen Bay, Lonnie Lint, James McMullen
Region V Upper Peninsula	Gary Groves (Regional Supervisor), John Lyle, David Theoret, Larry Wuokko

CORPORATE REGULATORY SERVICES DIVISION

DARWYN SANBORN, Director; Sandra Slee, Corporate Analyst, Domestic Activities; Linda Hansen, Corporate Specialist-Domestic Activities; Steven Cutshaw, Corporate Analyst-Foreign Activities; Allan Huber, Corporate Specialist-Foreign Activities; Leigh Adams, Examiner

CREDIT UNION DIVISION

MICHAEL FITZGERALD, Director; Tim Standfest, Assistant Director; Nada Van De Moortel, Review Examiner; William King, Corporate Coordinator

Examiners:

Region 1 Out-State	A. Ann Gaultney (Regional Supervisor), Jerry Armstrong, Roger Little, Teresa Macloszek, Gerard Marsh, Freya McGinty, Philip Sarnicola, Leanne Thelen
Region 2 Detroit	Robert Andrews (Regional Supervisor), Kathleen Blair, Delores Thomas Bledsoe, Alice Censler, Wanda Marshall, Ronald Miller
Region 3 Detroit	Alan Peterson (Regional Supervisor), Stanley Kossakowski, Anna Narsisian Lowe, David Rogers, Suzanne Santoro, Michele Schweitzer, Donald Walters

BANK AND TRUST DIVISION

Michigan's state-chartered banks are regulated and supervised under the authority of Act No. 319 of the Public Acts of 1969 (the Michigan Banking Code of 1969, as amended), by the Bank and Trust Division. The major responsibility of the Division is to ensure that each state-chartered bank is financially safe and sound. This is accomplished through the examination and supervision of Michigan's 238 state-chartered banks, which had total deposits of $32.9 billion as of December 31, 1986. The Division also monitors the services that banks provide their customers, and makes recommendations to the Commissioner for decisions on applications for new bank charters, branches, and other corporate changes.

Examinations

The principal method by which the Bank and Trust Division meets its responsibility is through promoting management practices that minimize the risk of insolvency. The Bureau accomplishes this objective through periodic examination of state-chartered banks. The result of the examination is a detailed analysis of the institution's condition. All examinations, whether conducted concurrently with the federal bank regulatory agencies or performed independently on a limited or full-scope basis, are sufficient to generate a CAMEL rating. The CAMEL rating measures the bank's capital adequacy, asset quality, management capabilities, earnings sufficiency, and liquidity position. Refer to the accompanying table for a summary of Michigan state-chartered banks by CAMEL rating.

During 1986, the Division conducted a total of 187 examinations. The Federal Reserve Bank of Chicago and the Federal Deposit Insurance Corporation conducted examinations of 50 CAMEL 1- and 2-rated banks, and the respective agencies participated in the examination of all CAMEL 3- and 4-rated banks. During 1986, only one state-chartered bank was not examined by any of the bank regulatory agencies compared to three banks not examined in 1985, and 14 in 1984.

The Division participated with the Federal Reserve Bank of Chicago, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation in the joint examination of the 10 largest bank holding companies in Michigan and their bank subsidiaries. These companies had consolidated bank deposits of $53.9 billion, or 78% of all of Michigan's banking deposits and controlled 176 affiliate banks. This method of joint examination permits the Division to utilize its resources efficiently while, at the same time and to a large extent, determining the overall condition of Michigan's banking industry. The Division also conducted 26 examinations on an off site/on site basis during the year. These examinations are restricted to historically well-managed banks.

Bank Supervision

Michigan continues to enjoy the benefits of a highly competitive and sound state-chartered banking system. Again, during 1986, there were no bank failures in Michigan. Nationally, bank failures continued to increase as 146 failures were reported by the Federal Deposit Insurance Corporation. The number of problem banks in Michigan, those with CAMEL ratings of 3, 4, and 5, were reduced by nine banks during 1986. Significant progress was made during the year on problem bank supervision. During the year, two banks were released from cease and desist orders and eight banks, which were operating under memoranda of understanding, were released. In the past several years, the more informal memoranda of understanding have become an effective regulatory tool for problem identification and correction. In addition, the Division has increased the level of follow-up activity at banks experiencing problems. This creates a greater awareness of the problem by bank management and directors and usually results in earlier correction.

The table on the following page provides information on problem banks over the past five years.

Structural Activities

In 1986, five national banks converted to state charters and eight banks consolidated with other banks. Therefore, at the end of 1986 there were 238 state banks, while at the end of 1985 there were 241. The number of state bank branch offices increased from 1,137 at the end of 1985 to 1,162 at the end of 1986.

Industry Trends

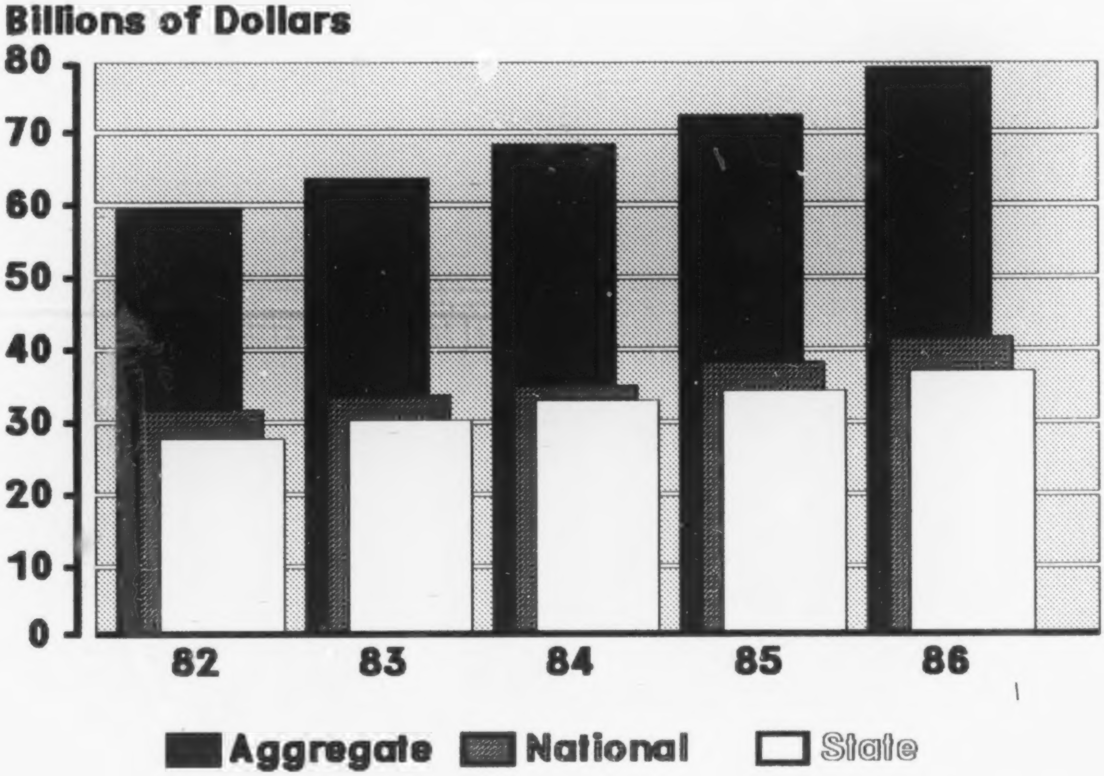
As of December 31, 1986, the Bank and Trust Division was responsible for regulating 238 state-chartered banks with total assets of $37 billion. During 1986, total assets of state-chartered banks increased $2.8 billion or 8.2% from 1985. Total deposits increased $2.7 billion, or 8.4%, to $34.8 billion which exceeded total deposits of national banks for the first time in recent history. Demand deposits increased 8.6% while interest bearing deposits rose 9.3%. Total loans grew $1.4 billion or 9.3%. Residential real estate loans and loans to individuals represented approximately 93% of the increase. Net income increased $4.9 million, or 1.7%, to $299 million resulting in a return on equity of 12.2%. Michigan's state-chartered banks net interest margin increased .3% to 4.5% for 1986. Return on assets was .80% in 1986 which matched the level recorded in 1985.

Bank Bulletins

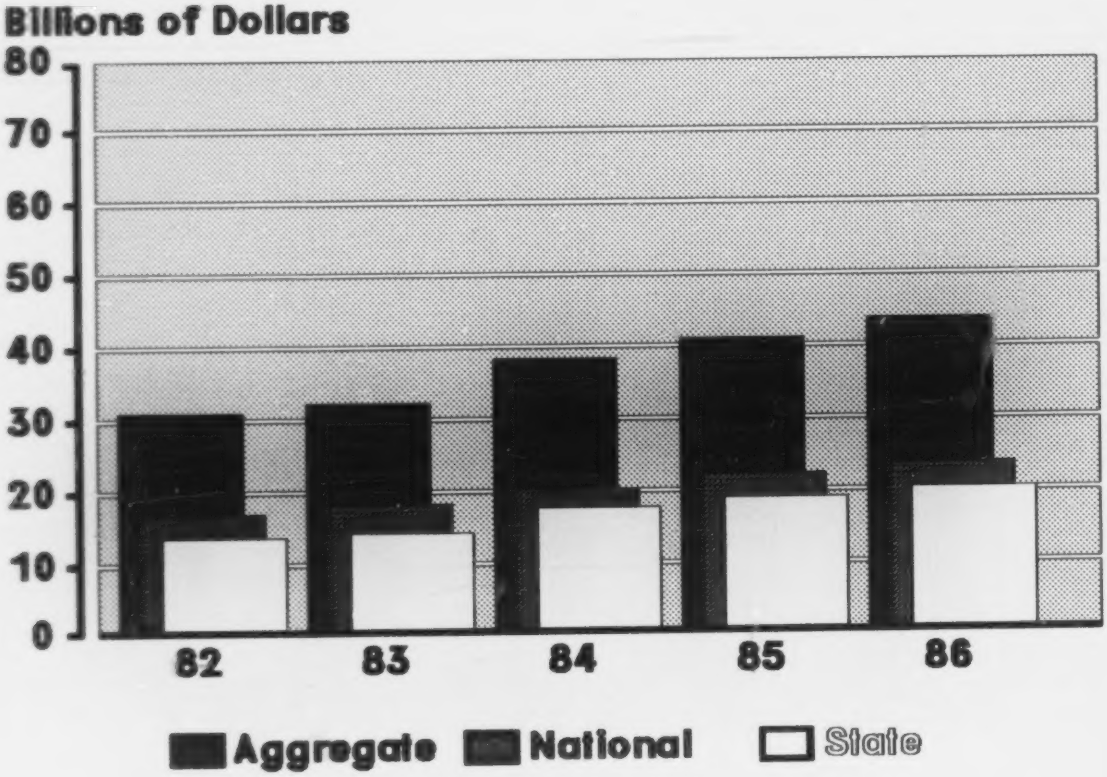
No Bank Bulletins were issued during 1986.

	Total Banks Supervised	Problem Banks Removed	Problem Banks Identified	Current Problem Banks
1982	251	7	9	29
1983	248	8	5	26
1984	248	4	11	33
1985	241	8	10	35
1986	238	16	7	26

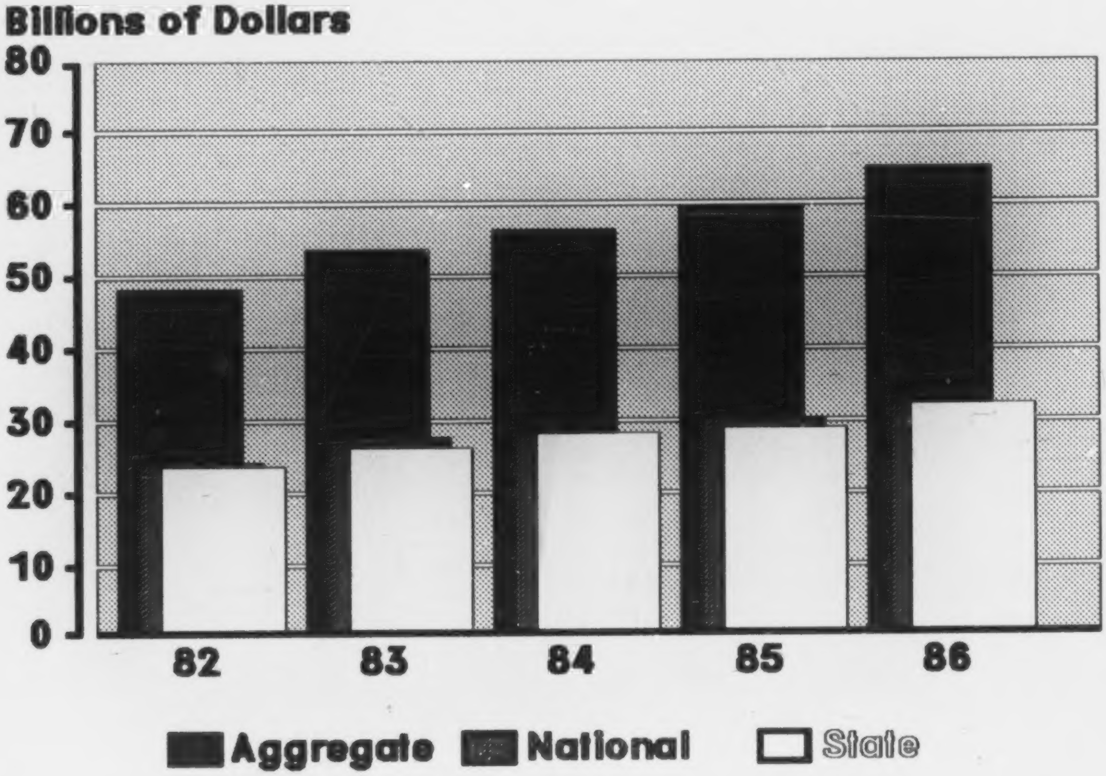
COMPARATIVE CHART OF ASSETS OF STATE AND NATIONAL BANKS IN MICHIGAN



COMPARATIVE CHART OF LOANS OF STATE AND NATIONAL BANKS IN MICHIGAN



COMPARATIVE CHART OF DEPOSITS OF STATE AND NATIONAL BANKS IN MICHIGAN



CONSOLIDATED BALANCE SHEET OF STATE BANKS

(000's Omitted)

ASSETS

		238 Banks 1,162 Branches December 31, 1986
Cash and balances due from depository institutions		$ 5,978,082
Noninterest-bearing balances and currency and coin	$ 2,196,971	
Interest-bearing balances	3,781,111	
Securities		8,640,864
Federal funds sold and securities purchased under agreements to resell		1,186,164
Total loans and leases (excluding unearned income)	$20,553,902	
Less: Allowance for loan and lease losses	271,269	
Net loans and leases		20,282,633
Assets held in trading accounts		5,929
Premises and fixed assets (including capitalized leases)		500,633
Other real estate owned		85,624
Investments in unconsolidated subsidiaries and associated companies		1,445
Customers' liability to banks on acceptances outstanding		19,507
Intangible assets		4,807
Other assets		542,757
TOTAL ASSETS		$37,248,445

LIABILITIES

Total deposits		* $32,399,931
Noninterest-bearing	$ 5,516,493	
Interest-bearing	26,883,438	
Federal funds purchased and securities sold under agreements to repurchase		1,326,677
Demand notes issued to the U. S. Treasury		372,541
Other borrowed money		205,582
Mortgage indebtedness and obligations under capitalized leases		15,291
Bank's liability on acceptances executed and outstanding		19,507
Notes and debentures subordinated to deposits		92,003
Other liabilities		364,579
TOTAL LIABILITIES		$34,796,111

EQUITY CAPITAL

Perpetual preferred stock	$ 2,490
Common stock	385,192
Surplus	992,535
Undivided profits and capital reserves	1,072,117
TOTAL EQUITY CAPITAL	$ 2,452,334
TOTAL LIABILITIES AND EQUITY CAPITAL	$37,248,445

*Includes deposits of State money - Michigan .... $ 145,467

LOANS HELD BY STATE BANKS

(000's Omitted)

	December 31, 1986
Real estate loans:	
Construction and land development	$ 450,661
Secured by farmland (including farm residential and other improvements)	174,591
Secured by 1-4 family residential properties	5,028,770
Secured by multifamily (5 or more) residential properties	119,856
Secured by nonfarm nonresidential properties	1,808,448
Loans to depository institutions	147,966
Loans to finance agricultural production and other loans to farmers	398,557
Commercial and industrial loans	5,819,339
Acceptances of other banks	47,204
Loans to individuals for household, family, and other personal expenditures (includes purchased paper):	
Credit cards and related plans (includes check credit and other revolving credit plans)	1,035,090
Other (includes single payment and installment)	4,347,455
Obligations (other than securities) of states and political subdivisions in the U.S.	671,382
All other loans	511,987
Lease financing receivables (net of unearned income)	21,205
Gross loans and leases	$20,582,511
Less: Unearned income on loans reflected in items above	28,609
TOTAL LOANS AND LEASES (net of unearned income)	$20,553,902

SELECTED FINANCIAL RATIOS - 1986

No.	Category	Return On Average Assets	Total Loans/ Total Assets	Consumer Loans/ Total Loans	Commercial Loans/ Total Loans	Mortgage Loans/ Total Loans	Interest Bearing Deposits/ Total Deposits	IRA Keogh Accounts/ Total Deposits
238	State Banks	.83%	55.18%	26.19%	28.31%	36.89%	82.97%	4.30%
109	National Banks	.80	56.74	17.34	39.26	28.16	75.53	5.20
107	Independent Banks	.90	51.42	22.47	17.29	51.67	86.00	4.30
240	Holding Co. Banks	.80	56.11	21.28	36.00	29.98	78.30	5.40
347	Michigan Banks	.81	56.00	21.45	34.17	32.22	79.26	5.30

CONSOLIDATED STATEMENT OF OPERATIONS AND CAPITAL OF STATE BANKS

(000's Omitted)

SOURCES AND DISPOSITION OF INCOME

	1986
Interest Income:	
Interest and fee income on loans	$ 2,147,070
Interest from lease financing receivables	2,465
Interest income on balances due from depository institutions	240,193
Interest and dividend income on securities	657,694
Interest income from assets held in trading accounts	621
Interest income on federal funds sold and securities purchased under agreements to resell	83,769
Total interest income	$ 3,131,812
Interest Expenses:	
Interest on deposits	$ 1,725,809
Expense of federal funds purchased and securities under agreements to repurchase	88,554
Interest on demand notes issued to the U. S. Treasury and on other borrowed money	12,289
Interest on mortgage indebtedness and obligations under capitalized leases	1,570
Interest on notes and debentures subordinated to deposits	7,419
Total interest expense	$ 1,835,641
Net interest income	$ 1,296,171
LESS: Provision for loan and lease losses	156,422
Noninterest income	300,790
Gains (losses) on securities not held in trading accounts	24,505
Noninterest Expenses:	
Salaries and employee benefits	$ 506,340
Expenses of premises and fixed assets (net of rental income) (excluding salaries and employee benefits and mortgage interest)	155,254
Other noninterest expense	426,825
Total noninterest expense	$ 1,088,419
Income (loss) before income taxes and extraordinary items and other adjustments	$ 376,625
LESS: Applicable income taxes	80,158
Income (loss) before extraordinary items and other adjustments	$ 296,467
Extraordinary items (net of taxes)	3,678
Net income	$ 300,145

CHANGES IN EQUITY CAPITAL

Balance end of previous year	$ 2,249,501
Adjustments	(867)
Adjusted balance end of previous year	$ 2,248,634
Net income (loss)	300,145
Sale, conversion, acquisition, or retirement of capital, net	23,084
Changes incident to mergers and absorptions, net	35,578
LESS: Cash dividends declared on common stock	(175,425)
LESS: Cash dividends declared on preferred stock	(152)
Other increases (decreases)	20,470
Balance end of period	$ 2,452,334

CONSOLIDATED BALANCE SHEET OF NATIONAL BANKS

(000's Omitted)

ASSETS

		109 Banks December 31, 1986
Cash and balances due from depository institutions		$ 7,039,776
Noninterest-bearing balances and currency and coin	$ 3,779,795	
Interest-bearing balances	3,259,981	
Securities		8,412,172
Federal funds sold and securities purchased under agreements to resell		1,056,875
Total loans and leases (excluding unearned income)	23,672,299	
Less: Allowance for loan and lease losses	314,867	
Net loans and leases		23,357,432
Assets held in trading accounts		164,591
Premises and fixed assets (including capitalized leases)		457,987
Investments in unconsolidated subsidiaries and associated companies		14,048
Other real estate owned		75,043
Customers' liability on acceptances executed and outstanding		477,122
Intangible assets		22,890
Other assets		646,102
TOTAL ASSETS		$41,724,038

LIABILITIES

Total deposits		$32,344,923
Noninterest-bearing	$ 7,914,335	
Interest-bearing	24,430,588	
Federal funds purchased and securities sold under agreements to repurchase		4,848,966
Demand notes issued to the U. S. Treasury		526,826
Other borrowed money		214,906
Mortgage indebtedness and obligations under capitalized leases		29,840
Bank's liability on acceptances executed and outstanding		487,242
Notes and debentures subordinated to deposits		161,028
Other liabilities		670,808
TOTAL LIABILITIES		$39,284,539

EQUITY CAPITAL

Perpetual preferred stock	$ -0-
Common stock	351,388
Surplus	698,284
Undivided profits and capital reserves	1,389,827
TOTAL EQUITY CAPITAL	$ 2,439,499
TOTAL LIABILITY AND EQUITY CAPITAL	$41,724,038

STATE BANKS

		1982	1983	1984	1985	1986
Number of State Banks - January 1		250	251	248	248	241
Plus:	Charters Granted	2	1	2	2	0
	Conversions - National to State	2	1	1	0	6
Less:	Mergers/Consolidation	2	5	2	6	9
	Receiverships/Liquidations	1	0	1	0	0
	Conversions - State to National	0	0	0	0	0
	Conversions to Savings Banks	0	0	0	3	0
Number of State Banks - December 31		251	248	248	241	238
Number of State Bank Branches		1,158	1,140	1,142	1,137	1,162

NATIONAL BANKS

	1982	1983	1984	1985	1986
National Banks	125	124	119	119	109

CONVERSIONS

	1982	1983	1984	1985	1986
State to National	0	0	0	0	0
National to State	2	1	1	0	6

NUMBER OF BANKS CHARTERED PER YEAR

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
State Banks Affiliated with Bank Holding Companies	1	0	6	2	1	2	1	1	1	0
National Banks Affiliated with Bank Holding Companies	1	4	1	3	1	1	0	1	1	0
State Banks Not Affiliated with Bank Holding Companies	0	1	0	0	1	0	0	1	1	0
National Banks Not Affiliated with Bank Holding Companies	3	0	1	1	1	1	1	0	0	0

NOTE: All national bank data obtained from the Office of the Comptroller of the Currency.

CONSOLIDATIONS

Date	Name of Bank	City
June 13, 86	Chemical Bank Albion Consolidated with and into Chemical Bank Marshall, Marshall, Michigan, under the charter of Chemical Bank Marshall and under the name of Chemical Bank South.	Albion
Oct. 10, 86	Fidelity Bank of Bingham Farms Consolidated with and into Fidelity Bank of Michigan, Birmingham, Michigan, under the charter of Fidelity Bank of Michigan and under the name of Fidelity Bank.	Bingham Farms
May 1, 86	Manistique Lakes Bank Consolidated with and into The First National Bank at Manistique, Manistique, Michigan, under the charter and name of The First National Bank at Manistique.	Curtis
Nov. 1, 86	The Gwinn State Savings Bank Consolidated with and into The First National Bank & Trust Company of Marquette, Marquette, Michigan, under the charter and name of The First National Bank & Trust Company of Marquette.	Gwinn
Nov. 3, 86	The American National Bank and Trust Company of Michigan Consolidated with and into Old Kent Bank of Kalamazoo, Kalamazoo, Michigan, under the charter and name of Old Kent Bank of Kalamazoo.	Kalamazoo
Nov. 3, 86	The American Bank of Niles, National Association Consolidated with and into Old Kent Bank-Southwest, Niles, Michigan, under the charter and name of Old Kent Bank-Southwest.	Niles
Aug. 1, 86	Security Bank Oakland County Consolidated with and into Security Bank and Trust Company, Southgate, Michigan, under the charter and name of Security Bank and Trust Company.	Novi
Nov. 3, 86	The American National Bank in Portage Consolidated with and into Old Kent Bank of Kalamazoo, Kalamazoo, Michigan, under the charter and name of Old Kent Bank of Kalamazoo.	Portage
May 1, 86	Peoples Bank of Port Huron Consolidated with and into NBD Port Huron Bank, National Association, Port Huron, Michigan, under the charter of NBD Port Huron Bank, National Association, and under the name of Peoples Bank of Port Huron, National Association.	Port Huron
Oct. 10, 86	Fidelity Bank of Southfield Consolidated with and into Fidelity Bank of Michigan, Birmingham, Michigan, under the charter of Fidelity Bank of Michigan and under the name of Fidelity Bank.	Southfield
Oct. 10, 86	Fidelity Bank of Troy Consolidated with and into Fidelity Bank of Michigan, Birmingham, Michigan, under the charter of Fidelity Bank of Michigan and under the name of Fidelity Bank.	Troy

CHANGE IN CORPORATE NAME

Date	City	From	To
Feb. 20, 86	Adrian	Bank of Lenawee County	Bank of Lenawee
Oct. 6, 86	Almont	Old Kent Bank of Almont	Security Bank of Almont
Feb. 20, 86	Brown City	Brown City Savings Bank	Tri-County Bank
Dec. 1, 86	Harbor Beach	First of America Bank-Huron	Huron County Bank
Nov. 3, 86	Lansing	Bank of Lansing	Manufacturers Bank of Lansing
Nov. 3, 86	Ludington	Ludington Bank and Trust Company	Old Kent Bank of Ludington
May 30, 86	Mount Clemens	Mount Clemens Bank	First Macomb Bank

CONVERSION

Date	Name of Bank	City
Nov. 3, 86	The American National Bank In Western Michigan . . . . Converted to Old Kent Bank of Allegan with $400,000 capital stock divided into 20,000 shares with a par value of $20 per share.	Allegan
Nov. 3, 86	The American National Bank In Battle Creek . . . . Converted to Old Kent Bank of Battle Creek with $550,000 capital stock divided into 55,000 shares with a par value of $10 per share.	Battle Creek
July 14, 86	Peoples Bank of Port Huron, National Association . . . . Converted to Peoples Bank of Port Huron with $8,025,000 capital stock divided into 535,000 shares with a par value of $15 per share.	Port Huron
Nov. 3, 86	The American National Bank-West. . . . . Converted to Old Kent Bank of South Haven with $562,500 capital stock divided into 22,500 shares with a par value of $25 per share.	South Haven
Nov. 3, 86	Central National Bank of St. Johns . . . . Converted to Old Kent Bank of St. Johns with $550,000 capital stock divided into 55,000 shares with a par value of $10 per share.	St. Johns
Nov. 3, 86	The American Bank of Three Rivers, National Association . . . . Converted to Old Kent Bank of Three Rivers with $457,500 capital stock divided into 45,750 shares with a par value of $10 per share.	Three Rivers

NEW SAFE AND COLLATERAL DEPOSIT COMPANY

Date	Name of Company	City	Initial Capital Stock
July 30, 86	Wellington Financial Services Inc. d/b/a Michigan Data Storage d/b/a Michigan Safe Deposit Company	Farmington Hills	Commenced business with common capital stock of $100,000 divided into 1,000 shares with a par value of $100 per share.

EXTENSION OFFICES ESTABLISHED

Date	Name of Bank	City	Location of Extension Office
May 5, 86	State Bank of Croswell	Croswell	66 North Howard Avenue, City of Croswell, Sanilac County (extension of main office located at 65 North Howard Avenue, City of Croswell, Sanilac County.)

BRANCH APPLICATIONS

	1982	1983	1984	1985	1986
Applications Received					
State Banks	14	10	12	15	12
National Banks	11	7	9	5	14
Branches Approved					
State Banks	15	11	12	14	8
National Banks	17	5	4	9	10
Branches Denied					
State Banks	1	0	0	0	0
National Banks	0	0	0	0	0
Branches Established					
State Banks	35*	59*	17*	22*	63*
National Banks	23	9	5	6	7

*Totals include branch openings through consolidations and purchase and assumptions. National bank data was obtained from the Office of the Comptroller of the Currency.

SECTION 172 BANKS

A section 172 bank means a bank or national banking association which has on file with the Commissioner a written statement and certified resolution of the Board of Directors of the bank or national banking association authorizing the designation as a section 172 bank, except that not more than 6 banks or national banking associations controlled by a bank holding company shall at any time be section 172 banks. A bank designated a section 172 may consolidate with an existing bank and retain the offices of the bank being acquired. In addition, the 172 bank may designate a branching location which may differ from that of its principal place of business. Reference should be made to section 172 of the banking code of 1969, as amended, for a complete description of what is permissible for section 172 banks.

Date of Designation	**Name of Bank**	**Location**	**Branching Designation***
Jan. 28, 86	Chemical Bank Marshall (Now Chemical Bank South)	Marshall	
Mar. 25, 86	Fidelity Bank of Troy	Troy	
Apr. 3, 86	The First National Bank at Manistique	Manistique	
Apr. 11, 86	Michigan National Bank-Farmington	Farmington Hills	
May 20, 86	Security Bank and Trust Company	Southgate	41325 Ten Mile Road City of Novi, Oakland County
July 10, 86	Security Bank of Richmond (Now Security Bank Northeast)	Richmond	201 East Third Street City of Imlay City, Lapeer County
July 25, 86	First of America Bank-Wayne Oakland	Royal Oak	3001 West Big Beaver Road City of Troy, Oakland County
Aug. 26, 86	First of America Bank-Michigan, National Association	Kalamazoo	99 Monroe Avenue, NW City of Grand Rapids, Kent County
Aug. 26, 86	Fidelity Bank of Michigan (Now Fidelity Bank)	Birmingham	24901 Northwestern Highway City of Southfield, Oakland County
Oct. 31, 86	The American National Bank in Portage	Portage	

*If different than main office resulting through consolidation.

Note: Refer to the consolidation section of the Annual Report to see transactions completed with these institutions involving State banks. As of year-end 1986, some of the above banks had not completed any transactions as provided in section 172 of the banking code of 1969.

BRANCH OFFICES ESTABLISHED

Date Effective	Name of Bank	City-Main Office	Location of Branch Office
Nov. 3, 86	Old Kent Bank of Allegan	Allegan	[1]1256 Lincoln Road Allegan Township, Allegan County
Nov. 3, 86	Old Kent Bank of Allegan	Allegan	[1]1511 North M-40 Allegan Township, Allegan County
Aug. 11, 86	Citizens Trust	Ann Arbor	2207 West Stadium Boulevard City of Ann Arbor, Washtenaw County
Nov. 3, 86	Old Kent Bank of Battle Creek	Battle Creek	[2]630 Capital Avenue, SW City of Battle Creek, Calhoun County
Nov. 3, 86	Old Kent Bank of Battle Creek	Battle Creek	[2]4651 West Dickman Road City of Battle Creek, Calhoun County
Nov. 3, 86	Old Kent Bank of Battle Creek	Battle Creek	[2]100 Burr Oak Street West Village of Athens, Calhoun County
Oct. 10, 86	Fidelity Bank	Birmingham	[3]26877 Northwestern Highway City of Southfield, Oakland County
Oct. 10, 86	Fidelity Bank	Birmingham	[3]29777 Telegraph Road City of Southfield, Oakland County
Oct. 10, 86	Fidelity Bank	Birmingham	[3]4000 Town Center, Suite 110 City of Southfield, Oakland County
Oct. 10, 86	Fidelity Bank	Birmingham	[4]30200 Telegraph Road Village of Bingham Farms, Oakland County
Oct. 10, 86	Fidelity Bank	Birmingham	[5]30700 Telegraph Road Village of Bingham Farms, Oakland County
Oct. 10, 86	Fidelity Bank	Birmingham	[6]888 West Big Beaver Road City of Troy, Oakland County
Oct. 10, 86	Fidelity Bank	Birmingham	[7]24901 Northwestern Highway City of Southfield, Oakland County
Nov. 12, 86	Fidelity Bank	Birmingham	27800 Northwestern Highway, Suite 141 City of Southfield, Oakland County
June 30, 86	The Jipson-Carter State Bank	Blissfield	630 West Adrian Street Village of Blissfield, Lenawee County
June 20, 86	Byron Center State Bank	Byron Center	1620 142nd Avenue Dorr Township, Allegan County
Feb. 3, 86	Citizens Commercial & Savings Bank	Flint	G-3250 South Linden Road Flint Township, Genesee County
Mar. 31, 86	Republic Bank	Flint Township	1070 East Main Street Caledonia Township, Shiawassee County
Dec. 1, 86	Huron County Bank	Harbor Beach	[8]704 North Van Dyke Road Verona Township, Huron County
Nov. 3, 86	Old Kent Bank of Kalamazoo	Kalamazoo	[9]101 East Crosstown Parkway City of Kalamazoo, Kalamazoo County
Nov. 3, 86	Old Kent Bank of Kalamazoo	Kalamazoo	[9]3420 East Main Street Kalamazoo Township, Kalamazoo County
Nov. 3, 86	Old Kent Bank of Kalamazoo	Kalamazoo	[9]3630 Gull Road City of Kalamazoo, Kalamazoo County
Nov. 3, 86	Old Kent Bank of Kalamazoo	Kalamazoo	[9]104 North Main Street Village of Lawton, Van Buren County
Nov. 3, 86	Old Kent Bank of Kalamazoo	Kalamazoo	[9]136 North Nottawa Village of Mendon, St. Joseph County

BRANCH OFFICES ESTABLISHED - Continued

Date Effective	Name of Bank	City-Main Office	Location of Branch Office
Nov. 3, 86	Old Kent Bank of Kalamazoo	Kalamazoo	[10]5931 Oakland Drive City of Portage, Kalamazoo County
Nov. 3, 86	Old Kent Bank of Kalamazoo	Kalamazoo	[9]4109 Portage Road City of Kalamazoo, Kalamazoo County
Nov. 3, 86	Old Kent Bank of Kalamazoo	Kalamazoo	[9]405 North Burdick City of Kalamazoo, Kalamazoo County
Nov. 3, 86	Old Kent Bank of Kalamazoo	Kalamazoo	[9]M-89 at Cross Oaks Shopping Center Otsego Township, Allegan County
Nov. 3, 86	Old Kent Bank of Kalamazoo	Kalamazoo	[9]3311 Greenleaf Boulevard City of Kalamazoo, Kalamazoo County
Nov. 3, 86	Old Kent Bank of Kalamazoo	Kalamazoo	[9]37687 Red Arrow Highway Paw Paw Township, Van Buren County
Nov. 3, 86	Old Kent Bank of Kalamazoo	Kalamazoo	[9]140 East Bridge Street City of Plainwell, Allegan County
Nov. 3, 86	Old Kent Bank of Kalamazoo	Kalamazoo	[9]8020 North 32nd Street Village of Richland, Kalamazoo County
Nov. 3, 86	Old Kent Bank of Kalamazoo	Kalamazoo	[9]3205 South Westnedge Avenue City of Kalamazoo, Kalamazoo County
Nov. 3, 86	Old Kent Bank of Kalamazoo	Kalamazoo	[9]2423 Sprinkle Road Comstock Township, Kalamazoo County
Nov. 3, 86	Old Kent Bank of Kalamazoo	Kalamazoo	[11]6488 South Westnedge Avenue City of Portage, Kalamazoo County
Nov. 3, 86	Old Kent Bank of Kalamazoo	Kalamazoo	[10]8910 Portage City of Portage, Kalamazoo County
Nov. 3, 86	Old Kent Bank of Kalamazoo	Kalamazoo	[9]4705 West Main Street City of Kalamazoo, Kalamazoo County
June 13, 86	Chemical Bank South	Marshall	[12]200 West Cass Street City of Albion, Calhoun County
June 13, 86	Chemical Bank South	Marshall	[13]309 North Superior Street City of Albion, Calhoun County
June 13, 86	Chemical Bank South	Marshall	[12]1408 North Eaton Street City of Albion, Calhoun County
Nov. 3, 86	Old Kent Bank-Southwest	Niles	[14]322 Broadway City of Niles, Berrien County
Feb. 18, 86	Pontiac State Bank	Pontiac	4260 Elizabeth Lake Road City of Pontiac, Oakland County
July 14, 86	Peoples Bank of Port Huron	Port Huron	[15]500 Water Street City of Port Huron, St. Clair County
July 14, 86	Peoples Bank of Port Huron	Port Huron	[15]2425 Gratiot Boulevard City of Marysville, St. Clair County
July 14, 86	Peoples Bank of Port Huron	Port Huron	[15]1657 Garfield Street City of Port Huron, St. Clair County
July 14, 86	Peoples Bank of Port Huron	Port Huron	[15]1226 24th Street City of Port Huron, St. Clair County
July 14, 86	Peoples Bank of Port Huron	Port Huron	[15]4503 Lapeer Road Kimball Township, St. Clair County
July 14, 86	Peoples Bank of Port Huron	Port Huron	[15]1650 Busha Highway City of Marysville, St. Clair County

BRANCH OFFICES ESTABLISHED - Continued

Date Effective	Name of Bank	City-Main Office	Location of Branch Office
July 14, 86	Peoples Bank of Port Huron	Port Huron	[15]4512 24th Avenue Fort Gratiot Township, St. Clair County
July 14, 86	Peoples Bank of Port Huron	Port Huron	[15]4154 South River Road East China Township, St. Clair County
July 14, 86	Peoples Bank of Port Huron	Port Huron	[15]3543 Pine Grove Avenue City of Port Huron, St. Clair County
Nov. 3, 86	Old Kent Bank of St. Johns	St. Johns	[16]101 South Main Street Village of Ovid, Clinton County
Nov. 3, 86	Old Kent Bank of St. Johns	St. Johns	[16]101 State Street Village of Pewamo, Ionia County
Nov. 3, 86	Old Kent Bank of St. Johns	St. Johns	[16]902 South U.S. 27 City of St. Johns, Clinton County
Mar. 31, 86	Fidelity Bank of Southfield	Southfield	Suite 110, 4000 Town Center City of Southfield, Oakland County
Nov. 3, 86	Old Kent Bank of South Haven	South Haven	[17]121 East St. Joseph Village of Lawrence, Van Buren County
Aug. 1, 86	Security Bank and Trust Company	Southgate	[18]41325 Ten Mile Road City of Novi, Oakland County
Aug. 1, 86	Security Bank and Trust Company	Southgate	[19]30880 Beck Road City of Novi, Oakland County
Aug. 1, 86	Security Bank and Trust Company	Southgate	[19]45500 Ten Mile Road City of Novi, Oakland County
Aug. 1, 86	Security Bank and Trust Company	Southgate	[19]3111 Baldwin Road Orion Township, Oakland County
Aug. 1, 86	Security Bank and Trust Company	Southgate	[19]43395 Nine Mile Road City of Novi, Oakland County
Nov. 3, 86	Old Kent Bank of Three Rivers	Three Rivers	[20]815 West Michigan Avenue City of Three Rivers, St. Joseph County
Nov. 3, 86	Old Kent Bank of Three Rivers	Three Rivers	[20]35 North Main Street City of Three Rivers, St. Joseph County

[1] Former branch office of The American National Bank in Western Michigan, Allegan
[2] Former branch office of The American National Bank in Battle Creek, Battle Creek
[3] Former branch office of Fidelity Bank of Southfield, Southfield
[4] Former branch office of Fidelity Bank of Bingham Farms, Bingham Farms
[5] Former main office of Fidelity Bank of Bingham Farms, Bingham Farms
[6] Former main office of Fidelity Bank of Troy, Troy
[7] Former main office of Fidelity Bank of Southfield, Southfield
[8] Former branch office of First of America Bank-Bay Area, Sebewaing
[9] Former branch office of The American National Bank and Trust Company of Michigan, Kalamazoo
[10] Former branch office of The American National Bank in Portage, Portage
[11] Former main office of The American National Bank in Portage, Portage
[12] Former branch office of Chemical Bank Albion, Albion
[13] Former main office of Chemical Bank Albion, Albion
[14] Former main office of The American Bank of Niles, National Association, Niles
[15] Former branch office of Peoples Bank of Port Huron, National Association, Port Huron
[16] Former branch office of Central National Bank of St. Johns, St. Johns
[17] Former branch office fo The American National Bank-West, South Haven
[18] Former main office of Security Bank of Novi, Novi
[19] Former branch office of Security Bank of Novi, Novi
[20] Former branch office of The American Bank of Three Rivers, National Association, Three Rivers

BRANCH CLOSINGS

Date	Name of Bank	City	Location of Branch Office
June 13, 86	Chemical Bank Albion	Albion	[1]200 West Cass Street City of Albion, Calhoun County
June 13, 86	Chemical Bank Albion	Albion	[1]1408 North Eaton Street City of Albion, Calhoun County
May 16, 86	Comerica Bank-Battle Creek	Battle Creek	890 North Avenue Pennfield Township, Calhoun County
May 16, 86	Comerica Bank-Battle Creek	Battle Creek	573 East Michigan Avenue City of Battle Creek, Calhoun County
Oct. 10, 86	Fidelity Bank of Bingham Farms	Bingham Farms	[2]30200 Telegraph Road Village of Bingham Farms, Oakland County
May 16, 86	Michigan Bank-Livingston	Brighton	10816 East Grand River Avenue Green Oaks Township, Livingston County
June 27, 86	Comerica Bank-Detroit	Detroit	2885 East Grand Boulevard City of Detroit, Wayne County
June 27, 86	Comerica Bank-Detroit	Detroit	17511 West McNichols City of Detroit, Wayne County
June 27, 86	Comerica Bank-Detroit	Detroit	25840 Plymouth Road Redford Township, Wayne County
June 27, 86	Comerica Bank-Detroit	Detroit	7201 West Fort Street City of Detroit, Wayne County
June 27, 86	Comerica Bank-Detroit	Detroit	3340 Fenkell City of Detroit, Wayne County
Dec. 13, 85	Comerica Bank-Detroit	Detroit	3501 West Michigan Avenue City of Detroit, Wayne County
Jan. 31, 86	Citizens Commercial & Savings Bank	Flint	2141 West Bristol Road Flint Township, Genesee County
Sept. 12, 86	Citizens Commercial & Savings Bank	Flint	931 East Hamilton Avenue City of Flint, Genesee County
May 15, 86	Michigan Bank-Midwest	Jackson	2501 Spring Arbor Road Summit Township, Jackson County
Dec. 31, 84	Michigan Bank-Midwest	Jackson	105 East Michigan Avenue City of Jackson, Jackson County
Dec. 31, 84	Michigan Bank-Midwest	Jackson	1103 Boardman Road Blackman Township, Jackson County
Jan. 21, 86	Comerica Bank-Kalamazoo	Kalamazoo	2706 West Michigan Avenue City of Kalamazoo, Kalamazoo County
June 6, 86	Comerica Bank-Kalamazoo	Kalamazoo	605 North Burdick Street City of Kalamazoo, Kalamazoo County
June 27, 86	Michigan Bank-Mid South	Litchfield	900 Hudson Road, (Pittsford) Jefferson Township, Hillsdale County
Aug. 1, 86	Security Bank of Novi	Novi	[3]30880 Beck Road City of Novi, Oakland County
Aug. 1, 86	Security Bank of Novi	Novi	[3]45500 Ten Mile Road City of Novi, Oakland County
Aug. 1, 86	Security Bank of Novi	Novi	[3]3111 Baldwin Road Orion Township, Oakland County
Aug. 1, 86	Security Bank of Novi	Novi	[3]43395 Nine Mile Road City of Novi, Oakland County

BRANCH CLOSINGS - Continued

Date	Name of Bank	City	Location of Branch Office
May 1, 86	Peoples Bank of Port Huron	Port Huron	[4]Twenty-fourth and Union Streets City of Port Huron, St. Clair County
May 1, 86	Peoples Bank of Port Huron	Port Huron	[4]2814 Pine Grove Avenue City of Port Huron, St. Clair County
May 1, 86	Peoples Bank of Port Huron	Port Huron	[4]2425 Gratiot Boulevard City of Marysville, St. Clair County
May 1, 86	Peoples Bank of Port Huron	Port Huron	[4]500 Water Street City of Port Huron, St. Clair County
May 1, 86	Peoples Bank of Port Huron	Port Huron	[4]4503 Lapeer Road Kimball Township, St. Clair County
May 1, 86	Peoples Bank of Port Huron	Port Huron	[4]1650 Busha Highway City of Marysville, St. Clair County
May 1, 86	Peoples Bank of Port Huron	Port Huron	[4]4512-24th Avenue Fort Gratiot Township, St. Clair County
May 1, 86	Peoples Bank of Port Huron	Port Huron	[4]4154 South River Road East China Township, St. Clair County
May 1, 86	Peoples Bank of Port Huron	Port Huron	[4]1657 Garfield City of Port Huron, St. Clair County
Dec. 1, 86	First of America Bank-Bay Area	Sebewaing	[5]704 North Van Dyke Road Verona Township, Huron County
Oct. 10, 86	Fidelity Bank of Southfield	Southfield	[2]26877 Northwestern Highway City of Southfield, Oakland County
Oct. 10, 86	Fidelity Bank of Southfield	Southfield	[2]29777 Telegraph Road City of Southfield, Oakland County
Oct. 10, 86	Fidelity Bank of Southfield	Southfield	[2]4000 Town Center, Suite 110 City of Southfield, Oakland County
Dec. 31, 85	Fidelity Bank of Troy	Troy	100 East Big Beaver Road City of Troy, Oakland County

[1] Re-established as a brancn of Chemical Bank South, Marshall.
[2] Re-established as a branch of Fidelity Bank, Birmingham.
[3] Re-established as a branch of Security Bank and Trust Company, Southgate.
[4] Bank converted to a national banking association.
[5] Re-established as a branch of Huron County Bank, Harbor Beach.

RELOCATION OF MAIN OFFICE

Date	Name of Bank	From	To
Nov. 4, 86	River Place Financial Corp.	100 River Place, City of Detroit, Wayne County	300 River Place City of Detroit, Wayne County

RELOCATION OF BRANCH OFFICE

Date	Name of Bank	From	To
July 14, 87	NBD Alpena Bank	11924 US 23 South, (Ossineke) Sanborn Township, Alpena County	11686 US 23 South, (Ossineke) Sanborn Township, Alpena County
July 28, 86	First of America Bank-Wayne Oakland	1821 North Campbell Road City of Royal Oak, Oakland County	1710 East Twelve Mile Road City of Royal Oak, Oakland County

NEW CAPITAL

Name of Bank	City	Sale of New Stock	Subordinated Capital Notes
Adrian State Bank	Adrian		$ 750,000
Citizens Trust	Ann Arbor		2,000,000
Bellaire State Bank	Bellaire	$ 125,840	
The Cass City State Bank	Cass City	600,000	
Republic Bank	Flint Township	357,140*	
Erie State Bank	Frenchtown Township		750,000
Farmers and Merchants State Bank of Hale	Hale	92,295*	
Liberty State Bank & Trust	Hamtramck	25,000	1,500,000
First Security Bank	Ionia	1,000,000**	1,000,000
Independent Bank-South Michigan	Leslie	250,000**	250,000
Key State Bank	Owosso	417,240	
River Rouge Savings Bank	River Rouge	200,000*** 100,000	
Independent Bank-West Michigan	Rockford	650,000**	650,000
The Banks of Three Oaks	Three Oaks	500,000***	
Liberty Bank-Oakland	Troy	137,000	

*Figure reflects total amount from 2 or more entries during the year.
**Reserved for conversion of convertible capital notes.
***Preferred Stock

CHANGE IN PAR VALUE

Date	Name of Bank	City	Details
June 23, 86	Mayville State Bank	Mayville	From: $10.00 To: $ 5.00
June 25, 86	Key State Bank	Owosso	From: $10.00 To: $ 5.00

DECREASE IN CAPITAL STOCK

Date	Name of Bank	City	Amount
Sept. 30, 86	The Cass City State Bank	Cass City	$ 540,000
Oct. 1, 86	Peoples Bank of Port Huron	Port Huron	2,025,000

INSTITUTIONS AUTHORIZED TO EXERCISE TRUST POWERS
AS OF DECEMBER 31, 1986

Institutions authorized to exercise full trust powers in accordance with sections 181 through 186 of the Michigan banking code of 1969:

Bank of Alma	Alma
First of America Bank-Alpena	Alpena
Citizens Trust	Ann Arbor
First of America Bank-Ann Arbor	Ann Arbor
Comerica Bank-Battle Creek	Battle Creek
Inter-City Bank	Benton Harbor
Old Kent Bank of Big Rapids	Big Rapids
Farmers State Bank of Breckenridge	Breckenridge
*NBD Cadillac Bank	Cadillac
First of America Bank-Copper Country	Calumet
Branch County Bank	Coldwater
Dearborn Bank and Trust Company	Dearborn
Comerica Bank-Detroit	Detroit
River Place Financial Corp.	Detroit
East Lansing State Bank	East Lansing
Michigan Bank-Huron	East Tawas
Citizens Commercial & Savings Bank	Flint
Genesee Merchants Bank & Trust Co.	Flint
NewCentury Bank	Frankenmuth
Old Kent Bank of Fremont	Fremont
The Old State Bank of Fremont	Fremont
Old Kent Bank of Grand Haven	Grand Haven
The Peoples Bank and Trust Company	Grand Haven
Old Kent Bank and Trust Company	Grand Rapids
Commercial Bank	Greenville
Liberty State Bank & Trust	Hamtramck
The Hastings City Bank	Hastings
The Peninsula Bank	Ishpeming
Comerica Bank-Kalamazoo	Kalamazoo
Manufacturers Bank of Lansing	Lansing
First of America Bank-Central	Lansing
Lapeer County Bank & Trust Co.	Lapeer
Old Kent Bank of Ludington	Ludington
Manistee Bank & Trust Co.	Manistee
Chemical Bank and Trust Company	Midland
Comerica Bank-Midland	Midland
Monroe Bank & Trust	Monroe
Security Bank of Monroe	Monroe
First Macomb Bank	Mount Clemens
Isabella Bank & Trust	Mount Pleasant
First of America Bank-Muskegon	Muskegon
FMB-Lumberman's Bank	Muskegon
Old Kent Bank-Southwest	Niles
**Key State Bank	Owosso
Old Kent Bank-Central	Owosso
Old Kent Bank of Petoskey	Petoskey
First of America Bank-Wayne Oakland	Royal Oak
The Commercial and Savings Bank of St. Clair County	St. Clair
Clinton Bank and Trust Company	St. Johns
State Savings Bank of Scottville	Scottville
Security Bank and Trust Company	Southgate
Citizens Trust and Savings Bank	South Haven
Bank One, Sturgis	Sturgis
United Savings Bank of Tecumseh	Tecumseh
Old Kent Bank-Grand Traverse	Traverse City
Old Kent Bank-Southeast	Trenton
Trenton Bank and Trust Company	Trenton
Wyandotte Savings Bank	Wyandotte
FMB-First Michigan Bank	Zeeland

Institutions authorized to exercise specifically limited trust powers:

FMB-Community Bank	Fowlerville
State Savings Bank, Frankfort, Mich.	Frankfort
Bank of Commerce	Hamtramck
Peoples State Bank	Hamtramck
Harbor Springs State Bank	Harbor Springs
State Savings Bank	Lowell
G. W. Jones Exchange Bank	Marcellus
Kalamazoo County State Bank	Schoolcraft

*Relinquished full trust powers in 1986

**Granted full trust powers in 1986.

TRUST SERVICES
AS OF DECEMBER 31, 1986

State banks which have contracted with another bank (state-chartered or national association) to either provide trust services in its name and for its account at one or more of the banking offices of the other bank or to permit a state or national bank having its principal office in this state and exercising full trust powers to carry on trust services at one or more of its banking offices pursuant to section 181a of the Michigan banking code of 1969.

Name and Location of Host Bank		**Name and Location of Provider Bank**	
Bank of Lenawee	Adrian	Comerica Bank-Detroit	Detroit
Commercial Savings Bank	Adrian	Citizens Trust	Ann Arbor
The Algonac Savings Bank	Algonac	The Commercial and Savings Bank of St. Clair County	St. Clair
First of America Bank-Alpena	Alpena	First of America Bank-Central	Lansing
NBD Alpena Bank	Alpena	National Bank of Detroit	Detroit
Comerica Bank-Ann Arbor, N.A.	Ann Arbor	Comerica Bank-Detroit	Detroit
Chemical Bank AuGres	AuGres	Chemical Bank and Trust Company	Midland
Manufacturers Bank of Bay City	Bay City	Manufacturers National Bank of Detroit	Detroit
Chemical Bank Gladwin County	Beaverton	Chemical Bank and Trust Company	Midland
Bellaire State Bank	Bellaire	National Bank of Detroit	Detroit
Old Kent Bank of Big Rapids	Big Rapids	Old Kent Bank and Trust Company	Grand Rapids
Fidelity Bank	Birmingham	National Bank of Detroit	Detroit
The Blissfield State Bank	Blissfield	National Bank of Detroit	Detroit
Old Kent Bank of Brighton	Brighton	Old Kent Bank and Trust Company	Grand Rapids
Tri-County Bank	Brown City	National Bank of Detroit	Detroit
Chemical Bank West	Cadillac	Chemical Bank and Trust Company	Midland
NBD Cadillac Bank	Cadillac	National Bank of Detroit	Detroit
Old Kent Bank of Cadillac	Cadillac	Old Kent Bank and Trust Company	Grand Rapids
First of America Bank-Copper Country	Calumet	First of America Bank-Marquette, N.A.	Marquette
The Peoples State Bank of Caro, Michigan	Caro	Genesee Merchants Bank & Trust Co.	Flint
State Savings Bank of Caro	Caro	National Bank of Detroit	Detroit
The Cass City State Bank	Cass City	National Bank of Detroit	Detroit
Chemical Bank Cass City	Cass City	Chemical Bank and Trust Company	Midland
Charlevoix County State Bank	Charlevoix	National Bank of Detroit	Detroit
First State Bank of Charlevoix	Charlevoix	Manufacturers National Bank of Detroit	Detroit
First of America Bank-Charlotte	Charlotte	First of America Bank-Central	Lansing
Citizens National Bank of Cheboygan	Cheboygan	Comerica Bank Detroit	Detroit
First of America Bank-Straits Area	Cheboygan	First of America Bank-Marquette, N.A.	Marquette
Chelsea State Bank	Chelsea	NBD Ann Arbor, N.A.	Ann Arbor
Chemical Bank Clare	Clare	Chemical Bank and Trust Company	Midland
Manufacturers Bank of Coopersville	Coopersville	Manufacturers National Bank of Detroit	Detroit
State Bank of Croswell	Croswell	National Bank of Detroit	Detroit
Sanilac County Bank	Deckerville	National Bank of Detroit	Detroit

TRUST SERVICES - Continued

Name and Location of Host Bank		**Name and Location of Provider Bank**	
First of America Bank-Deerfield	Deerfield	First of America Bank-Ann Arbor	Ann Arbor
FMB-Community Bank	Dowagiac	FMB-First Michigan Bank	Zeeland
NBD Monroe County Bank	Dundee	NBD Ann Arbor, N.A.	Ann Arbor
Northwestern State Bank	East Jordan	Manufacturers National Bank of Detroit	Detroit
Michigan Bank Huron	East Tawas	Michigan National Bank	Lansing
State Bank of Escanaba	Escanaba	First of America Bank-Michigan, N.A.	Kalamazoo
The Farwell State Savings Bank	Farwell	National Bank of Detroit	Detroit
State Savings Bank of Fenton	Fenton	Comerica Bank-Detroit	Detroit
Community State Bank of Fowlerville	Fowlerville	Genesee Merchants Bank & Trust Co.	Flint
*The State Bank of Fraser	Fraser	Security Bank and Trust Company	Southgate
Old Kent Bank of Fremont	Fremont	Old Kent Bank and Trust Company	Grand Rapids
First National Bank of Gaylord	Gaylord	Comerica Bank-Detroit	Detroit
Old Kent Bank of Gaylord	Gaylord	Old Kent Bank and Trust Company	Grand Rapids
First of America Bank-Mid Michigan	Gladwin	First of America Bank-Central	Lansing
Old Kent Bank of Grand Blanc	Grand Blanc	Old Kent Bank and Trust Company	Grand Rapids
*Old Kent Bank of Grand Haven	Grand Haven	Old Kent Bank and Trust Company	Grand Rapids
First of America Bank-Grand Ledge	Grand Ledge	First of America Bank-Central	Lansing
United Bank of Michigan	Grand Rapids	Manufacturers National Bank of Detroit	Detroit
Chemical Bank North	Grayling	Chemical Bank and Trust Company	Midland
Grayling State Bank	Grayling	Manufacturers National Bank of Detroit	Detroit
Commercial Bank	Greenville	Manufacturers National Bank of Detroit	Detroit
Comerica Bank-Grosse Pointe, N.A.	Grosse Pointe	Comerica Bank-Detroit	Detroit
*Bank of Commerce	Hamtramck	Security Bank and Trust Company	Southgate
Harbor Springs State Bank	Harbor Springs	Manufacturers National Bank of Detroit	Detroit
Old Kent Bank of Hillsdale	Hillsdale	Old Kent Bank and Trust Company	Grand Rapids
Old Kent Bank of Holland	Holland	Old Kent Bank and Trust Company	Grand Rapids
First National Bank in Howell	Howell	First of America Bank-Central	Lansing
NewCentury Bank-Metro West	Howell	NewCentury Bank	Frankenmuth
Bank of Hudsonville	Hudsonville	Union Bank and Trust Company, N.A.	Grand Rapids
Security Bank Imlay City	Imlay City	Security Bank and Trust Company	Southgate
Michigan Bank-Midwest	Jackson	Michigan National Bank	Lansing
Old Kent Bank of Kalamazoo	Kalamazoo	Old Kent Bank and Trust Company	Grand Rapids
Old Kent Bank of Kentwood	Kentwood	Old Kent Bank and Trust Company	Grand Rapids
Union Bank	Lake Odessa	National Bank of Detroit	Detroit
Comerica Bank-Lansing, N.A.	Lansing	Comerica Bank Detroit	Detroit
Manufacturers Bank of Lansing	Lansing	National Bank of Detroit	Detroit
NBD Commerce Bank	Lansing	National Bank of Detroit	Detroit

TRUST SERVICES - Continued

Name and Location of Host Bank		Name and Location of Provider Bank	
Lewiston State Bank	Lewiston	National Bank of Detroit	Detroit
Comerica Bank-Livonia	Livonia	Comerica Bank-Detroit	Detroit
Manufacturers Bank of Livonia	Livonia	Manufacturers National Bank of Detroit	Detroit
Antrim County State Bank	Mancelona	National Bank of Detroit	Detroit
The State Savings Bank of Manistique	Manistique	The First National Bank & Trust Company of Marquette	Marquette
Chemical Bank South	Marshall	Chemical Bank and Trust Company	Midland
Mason State Bank	Mason	East Lansing State Bank	East Lansing
First of America Bank-Menominee	Menominee	First of America Bank-Marquette, N.A.	Marquette
First Macomb Bank	Mount Clemens	National Bank of Detroit	Detroit
NewCentury Bank-Mt. Pleasant	Mt. Pleasant	NewCentury Bank-Bay City, N.A.	Bay City
Peoples State Bank of Munising	Munising	First of America Bank-Marquette, N.A.	Marquette
*Old Kent Bank-Southwest	Niles	Old Kent Bank and Trust Company	Grand Rapids
Pioneer Bank	North Branch	National Bank of Detroit	Detroit
Manufacturers Bank of Novi	Novi	Manufacturers National Bank of Detroit	Detroit
NewCentury Bank-AuSable	Oscoda	NewCentury Bank-Bay City, N.A.	Bay City
Old Kent Bank-Central	Owosso	Old Kent Bank and Trust Company	Grand Rapids
Old Kent Bank of Petoskey	Petoskey	Old Kent Bank and Trust Company	Grand Rapids
Pontiac State Bank	Pontiac	National Bank of Detroit	Detroit
NBD Portage Bank	Portage	National Bank of Detroit	Detroit
Maynard-Allen State Bank	Portland	Union Bank and Trust Company, N.A.	Grand Rapids
Macomb County Bank	Richmond	National Bank of Detroit	Detroit
Security Bank of Richmond	Richmond	Security Bank and Trust Company	Southgate
NBD Roscommon Bank	Roscommon	National Bank of Detroit	Detroit
NBD Saginaw	Saginaw	National Bank of Detroit	Detroit
*NBD Saginaw	Saginaw	Genesee Merchants Bank & Trust Co.	Flint
Manufacturers Bank of The Shores	St. Clair Shores	Manufacturers National Bank of Detroit	Detroit
Security Bank St. Clair Shores	St. Clair Shores	Security Bank and Trust Company	Southgate
The Peoples State Bank of St. Joseph	St. Joseph	Union Bank and Trust Company, N.A.	Grand Rapids
Manufacturers Bank of Saline	Saline	Manufacturers National Bank of Detroit	Detroit
NBD Sandusky Bank	Sandusky	National Bank of Detroit	Detroit
Central Savings Bank	Sault Ste. Marie	First National Bank and Trust Company	Petoskey
First of America Bank-Bay Area	Sebewaing	First of America Bank-Central	Lansing
Comerica Bank-Central	Shepherd	Comerica Bank-Midland	Midland
Comerica Bank-Southfield	Southfield	Comerica Bank-Detroit	Detroit
The State Savings Bank of South Lyon	South Lyon	First of America Bank-Ann Arbor	Ann Arbor
First of America Bank-Iron County	Stambaugh	First of America Bank-Marquette, N.A.	Marquette
State Bank of Standish	Standish	Comerica Bank-Midland	Midland

TRUST SERVICES - Continued

Name and Location of Host Bank		Name and Location of Provider Bank	
Chemical Bank Montcalm.	Stanton	Chemical Bank and Trust Company	Midland
Bank of Stephenson.	Stephenson	National Bank of Detroit.	Detroit
Comerica Bank-Metro East, N.A.	Sterling Heights	Comerica Bank-Detroit	Detroit
*Old Kent Bank-Grand Traverse.	Traverse City	Old Kent Bank and Trust Company	Grand Rapids
Old Kent Bank-Southeast	Trenton	Old Kent Bank and Trust Company	Grand Rapids
Comerica Bank-Troy.	Troy	Comerica Bank-Detroit	Detroit
Comerica Bank-Warren, N.A.	Warren	Comerica Bank-Detroit	Detroit
Wayne Bank.	Wayne	First of America Bank-Ann Arbor	Ann Arbor
Comerica Bank-West Branch, N.A.	West Branch	Comerica Bank-Midland	Midland
NewCentury Bank-West Branch	West Branch	NewCentury Bank-Bay City, N.A.	Bay City
The First State Bank, White Cloud, Michigan.	White Cloud	Union Bank and Trust Company, N.A.	Grand Rapids
Peoples State Bank.	Williamston	National Bank of Detroit.	Detroit
Ypsilanti Savings Bank.	Ypsilanti	Comerica Bank-Detroit	Detroit

*Entered into trust services agreements during 1986.

BANK HOLDING COMPANIES

	1986	1985	1984	1983	1982	1981
TOTAL BANK HOLDING COMPANIES (BHCs)	76	59	55	49	40	38
Domestic Parent BHCs	65					
Domestic Second Tier BHCs*	6					
Nondomestic Parent BHCs	3					
Nondomestic Second Tier BHCs	2					
Domestic One-Bank BHCs	47	36	30	26	19	18
Domestic Multi-Bank BHCs	18	23	25	23	21	20
Domestic Second Tier One-Bank BHCs	2					
Domestic Second Tier Multi-Bank BHCs	4					
Nondomestic One-Bank BHCs	0					
Nondomestic Multi-Bank BHCs	3					
Nondomestic Second Tier One-Bank BHCs	2					
Nondomestic Second Tier Multi-Bank BHCs	0					
TOTAL BANK HOLDING COMPANY BANKS	251					
Domestic Banks controlled by Domestic BHCs	239	231	228	219	208	199
State Banks	154	142	143	134	124	118
Controlled by One-Bank BHCs	31	24	20	18	12	13
Controlled by Second Tier One-Bank BHCs	1					
Controlled by Multi-Bank BHCs	116	118	123	116	112	105
Controlled by Second Tier Multi-Bank BHCs	6					
National Banks	85	89	85	85	84	81
Controlled by One-Bank BHCs	17	12	10	8	7	5
Controlled by Second Tier One-Bank BHCs	1					
Controlled by Multi-Bank BHCs	63	77	75	77	77	76
Controlled by Second Tier Multi-Bank BHCs	4					
Nondomestic Banks Controlled by Domestic BHCs	10					
Controlled by One-Bank BHCs	0					
Controlled by Second Tier One-Bank BHCs	1					
Controlled by Multi-Bank BHCs	7					
Controlled by Second Tier Multi-Bank BHCs	2					
Domestic Banks controlled by Nondomestic BHCs**	3					
State Banks						
Controlled by Second Tier One-Bank BHCs	0					
Controlled by Multi-Bank BHCs	1					
Controlled by Second Tier Multi-Bank BHCs	1					
National Banks						
Controlled by Second Tier One-Bank BHCs	1					
Controlled by Multi-Bank BHCs	0					
Controlled by Second Tier Multi-Bank BHCs	0					
TOTAL BHC BANK DEPOSITS OF BHCS (Billions of Dollars)	60.0	53.1	48.4	44.3	39.7	27.5
Deposits of Michigan BHC Banks owned by Domestic BHCs	58.1					
Deposits of Nondomestic BHC banks owned by Domestic BHCs	1.4					
Deposits of Domestic BHC banks owned by Nondomestic BHCs	0.5					

* Second Tier BHC is defined as a bank holding company owned by a parent corporation which is itself a bank holding company.

**Nondomestic is defined as a BHC or bank domiciled outside of Michigan.

INTRASTATE ACQUISITIONS - 1986

Bank Holding Company	Subsidiary	Date Acquired
ASB Bankcorp, Inc. Adrian, Michigan	Adrian State Bank Adrian, Michigan	Oct. 1, 86
Charter National Bancorp, Inc. Taylor, Michigan	Charter National Bank Taylor, Michigan	Dec. 31, 86
Citizens Trust Bancorp, Inc. Ann Arbor, Michigan	Citizens Trust Ann Arbor, Michigan	July 1, 86
Community Financial Corporation Harbor Beach, Michigan	Huron County Bank Harbor Beach, Michigan	Dec. 1, 86
CSB Financial Corporation Greenville, Michigan	Commercial Bank Greenville, Michigan	Apr. 1, 86
First Independence Corporation Detroit, Michigan	First Independence National Bank of Detroit Detroit, Michigan	Dec. 31, 86
First Michigan Bank Corporation Zeeland, Michigan	FMB-State Savings Bank Lowell, Michigan	Dec. 29, 86
First of America Bank Corporation Kalamazoo, Michigan	NewCentury Bank-Thumb Bad Axe, Michigan	Dec. 31, 86
	NewCentury Bank-Bay City, National Association Bay City, Michigan	Dec. 31, 86
	NewCentury Bank Frankenmuth, Michigan	Dec. 31, 86
	NewCentury Bank-Metro West Howell, Michigan	Dec. 31, 86
	NewCentury Bank-Lapeer, National Association Lapeer, Michigan	Dec. 31, 86
	NewCentury Bank-Mt. Pleasant Mt. Pleasant, Michigan	Dec. 31, 86
	NewCentury Bank-AuSable Oscoda, Michigan	Dec. 31, 86
	NewCentury Bank-West Branch West Branch, Michigan	Dec. 31, 86
First of Charlevoix Corp. Charlevoix, Michigan	First State Bank of Charelvoix Charlevoix, Michigan	Apr. 18, 86
Harbor Country Banking Corporation Three Oaks, Michigan	Heritage Bank Oronoko Township (Berrien Springs), Michigan	Dec. 15, 86
HCB Financial Corp. Hastings, Michigan	The Hastings City Bank Hastings, Michigan	Jan. 1, 86
Lakeview Financial Corp. Lakeview, Michigan	Bank of Lakeview Lakeview, Michigan	Dec. 31, 86
Marquette County Financial Corporation Negaunee, Michigan	The First National Bank of Negaunee Negaunee, Michigan	July 31, 86
NBD Bancorp, Inc. Detroit, Michigan	Wyandotte Savings Bank Wyandotte, Michigan	Dec. 31, 86
	UNITED MICHIGAN CORPORATION Flint, Michigan	June 30, 86
	Genesee Merchants Bank & Trust Co. Flint, Michigan	Mar. 28, 85
	Community State Bank of Fowlerville Fowlerville, Michigan	Mar. 28, 85

Intrastate Acquisitions - 1986 (Continued)

Bank Holding Company	Subsidiary	Date Acquired
NBD Bancorp, Inc. (Continued)	The Peoples State Bank of Caro, Michigan Caro, Michigan	Mar. 28, 85
	UNION BANCORP, INC. Grand Rapids, Michigan	June 30, 86
	Union Bank and Trust Company, National Association Grand Rapids, Michigan	Mar. 10, 73
	The Peoples Bank and Trust Company Grand Haven, Michigan	Sep. 16, 74
	First National Bank and Trust Company Petoskey, Michigan	Apr. 1, 76
Old Kent Financial Corporation Grand Rapids, Michigan	Old Kent Bank of Allegan Allegan, Michigan	Nov. 3, 86
	Old Kent Bank of Battle Creek Battle Creek, Michigan	Nov. 3, 86
	Old Kent Bank of Greenville Greenville, Michigan	May 1, 86
	Old Kent Bank of Ludington Ludington, Michigan	Nov. 3, 86
	Old Kent Bank of St. Johns St. Johns, Michigan	Nov. 3, 86
	Old Kent Bank of South Haven South Haven, Michigan	Nov. 3, 86
	Old Kent Bank of Three Rivers Three Rivers, Michigan	Nov. 3, 86
Peninsula Financial Corporation Ishpeming, Michigan	The Peninsula Bank Ishpeming, Michigan	July 31, 86
Pinnacle Financial Services, Inc. St. Joseph, Michigan	The Peoples State Bank of St. Joseph St. Joseph, Michigan	July 1, 86
Republic Bancorp, Inc. Flint, Michigan	Republic Bank Flint Township, Michigan	Jan. 15, 86
	Bellaire State Bank Bellaire, Michigan	Dec. 8, 86
	Peoples State Bank Williamston, Michigan	Dec. 29, 86
Security Bancorp, Inc. Southgate, Michigan	Security Bank of Almont Almont, Michigan	Oct. 6, 86
	Trenton Bank and Trust Company Trenton, Michigan	Dec. 26, 86
SSB, Inc. Manistique	The State Savings Bank at Manistique Manistique, Michigan	Feb. 10, 86
United Bancorp, Inc. Tecumseh, Michigan	United Savings Bank of Tecumseh Tecumseh, Michigan	Jan. 1, 86

ALLIANCE FINANCIAL CORPORATION
23400 Michigan Avenue, Box 2543-C
Dearborn, MI 48124
PHONE: 313-274-1000

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Dearborn Bank and Trust Company	Dearborn, MI	10/01/83	$ 220,987

ASB BANKCORP, INC.
202 West Maumee Street, P. O. Box 337
Adrian, MI 49221
PHONE: 517-265-8125

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Adrian State Bank	Adrian, MI	10/01/86	$ 65,113

BAY PORT ASSOCIATES
6606 Main Street, Box 69
Caseville, MI 48725
PHONE: 517-656-2231

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Bay Port State Bank	Bay Port, MI	01/01/70	$ 11,234

C.F.C. BANCORP, INC.
123 Superior Avenue
Crystal Falls, MI 49920
PHONE: 906-875-4505

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
First National Bank of Crystal Falls	Crystal Falls, MI	07/01/85	$ 38,566

CB FINANCIAL CORPORATION
One Jackson Square
Jackson, MI 49201
PHONE: 517-788-2705

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
City Bank and Trust Company, National Association	Jackson, MI	08/07/81	$ 325,709
Clinton Bank and Trust Company	St. Johns, MI	12/31/83	$ 133,132
			$ 458,841

CHARTER NATIONAL BANCORP, INC.
23455 Eureka Road, Box 400
Taylor, MI 48180
PHONE: 313-285-1900

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Charter National Bank	Taylor, MI	12/31/86	$ 129,106

CHEMICAL FINANCIAL CORPORATION
333 East Main Street, Box 569
Midland, MI 48640-0569
PHONE: 517-631-3310

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Chemical Bank and Trust Company	Midland, MI	06/30/74	$ 380,204
Chemical Bank Au Gres	Au Gres, MI	05/31/77	$ 28,622
Chemical Bank Gladwin County	Beaverton, MI	06/23/77	$ 37,328

CHEMICAL FINANCIAL CORPORATION - Cont.

Chemical Bank South	Marshall, MI	07/31/78	$ 37,553
Chemical Bank Clare	Clare, MI	12/31/79	$ 109,881
Chemical Bank Montcalm	Stanton, MI	12/31/81	$ 64,463
Chemical Bank Cass City	Cass City, MI	09/30/82	$ 24,957
Chemical Bank North	Grayling, MI	08/31/84	$ 39,526
Chemical Bank West	Cadillac, MI	12/16/85	$ 53,258
			$ 775,792

CITIZENS BANCSHARES, INC.
501 River Street, Box 187
Ontonagon, MI 49953
PHONE: 906-884-4165

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
The Citizens State Bank of Ontonagon	Ontonagon, MI	08/31/84	$ 22,853

CITIZENS BANKING CORPORATION
One Citizens Banking Center
Flint, MI 48502
PHONE: 313-766-7500

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Citizens Commercial & Savings Bank	Flint, MI	01/01/82	$ 962,779
Grayling State Bank	Grayling, MI	07/02/84	$ 38,381
State Bank of Standish	Standish, MI	01/23/85	$ 99,518
SECOND NATIONAL CORPORATION	Saginaw, MI		
Second National Bank of Saginaw	Saginaw, MI	12/18/85	$ 528,838
Second National Bank of Bay City	Bay City, MI	12/18/85	$ 67,323
			$ 1,696,839

CITIZENS TRUST BANCORP, INC.
100 South Main Street, Box 8612
Ann Arbor, MI 48107
PHONE: 313-994-5555

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Citizens Trust	Ann Arbor, MI	07/01/86	$ 289,772

CNB CORPORATION
303 North Main Street, Box 10
Cheboygan, MI 40821
PHONE: 616-627-7111

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Citizens National Bank of Cheboygan	Cheboygan, MI	12/31/85	$ 99,649

COMERICA INCORPORATED
211 West Fort Street
Detroit, MI 48275
PHONE: 313-222-3300

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Comerica Bank-Detroit	Detroit, MI	05/31/73	$ 5,911,414
Comerica Bank-Livonia	Livonia, MI	08/30/74	$ 155,239
Comerica Bank-Southfield	Southfield, MI	05/01/75	$ 191,300
Comerica Bank-Warren, National Association	Warren, MI	05/31/75	$ 331,469
Comerica Bank-Troy	Troy, MI	07/17/75	$ 197,230
Comerica Bank-Grand Rapids, National Association	Grand Rapids, MI	08/31/77	$ 57,332

COMERICA INCORPORATED - Cont.

Comerica Bank-Hackley, National Association	Muskegon, MI	11/30/77	$ 295,422
Comerica Bank-Metro East, National Association	Sterling Heights, MI	04/01/78	$ 137,202
Comerica Bank-Metro West, National Association	Novi, MI	01/31/80	$ 70,036
Comerica Bank-Kalamazoo	Kalamazoo, MI	07/31/80	$ 220,577
Comerica Bank-West Branch, National Association	West Branch, MI	07/01/81	$ 13,402
Comerica Bank-Midland	Midland, MI	07/01/81	$ 117,113
Comerica Bank-Central	Shepherd, MI	07/01/81	$ 22,910
Comerica Bank-Battle Creek	Battle Creek, MI	09/01/81	$ 153,066
Comerica Bank-Ann Arbor, National Association	Ann Arbor, MI	05/01/82	$ 173,963
Comerica Bank-Jackson, National Association	Jackson, MI	09/01/82	$ 338,087
Comerica Bank-Grosse Pointe, National Association	Grosse Pointe, MI	11/01/82	$ 50,372
Comerica Bank-Lansing, National Association	Lansing, MI	06/12/85	$ 8,027
			$ 8,444,161

COMMERCIAL BANKSHARES CORP.
117 East Maumee Street, Box 249
Adrian, MI 49221
PHONE: 517-263-8939

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Commercial Savings Bank	Adrian, MI	12/31/76	$ 129,438
The Jipson-Carter State Bank	Blissfield, MI	01/31/84	$ 27,835
			$ 157,273

COMMUNITY FINANCIAL CORPORATION
112 North Huron Avenue, Box 67
Harbor Beach, MI 48441
PHONE: 517-479-3218

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Huron County Bank	Harbor Beach, MI	12/01/86	$ 27,494

CSB FINANCIAL CORPORTION
205 South Lafayette, Box 227
Greenville, MI 48838
PHONE: 616-754-7111

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Commercial Bank	Greenville, MI	04/01/86	$ 52,542

EASTERN MICHIGAN FINANCIAL CORPORATION
65 North Howard Street, Box 195
Croswell, MI 48422
PHONE: 313-679-2500

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
State Bank of Croswell	Croswell, MI	01/07/85	$ 57,370

ERIE FINANCIAL CORP.
400 Renaissance Center, Suite 1100
Detroit, MI 48243
PHONE: 313-242-8600

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Erie State Bank	Frenchtown Township, MI	09/26/84	$ 50,380

FIDELITY FINANCIAL CORPORATION OF MICHIGAN
1040 East Maple
Birmingham, MI 48012
PHONE: 313-642-1955

FIDELITY FINANCIAL CORPORATION OF MICHIGAN - Cont.

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Fidelity Bank	Birmingham, MI	03/01/73	$ 114,533

FIRST INDEPENDENCE CORPORATION
234 State Street
Detroit, MI 48226
PHONE: 313-964-2350

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
First Independence National Bank of Detroit	Detroit, MI	12/31/86	$ 65,211

FIRST MACOMB BANCORP, INC.
One North Gratiot Avenue
Mount Clemens, MI 48043
PHONE: 313-469-6111

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
First Macomb Bank	Mount Clemens, MI	09/30/82	$ 261,490

FIRST MANISTIQUE CORPORATION
130 South Cedar Street, Box 369
Manistique, MI 49854
PHONE: 906-341-2188

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
The First National Bank at Manistique	Manistique, MI	01/29/76	$ 46,610

FIRST MICHIGAN BANK CORPORATION
101 East Main Street, Box 300
Zeeland, MI 49464
PHONE: 616-396-9000

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
FMB-First Michigan Bank	Zeeland, MI	03/01/74	$ 399,126
FMB-First Michigan Bank-Grand Rapids, National Association	Grand Rapids, MI	09/15/75	$ 69,088
FMB-Community Bank	Dowagiac, MI	12/31/76	$ 45,453
FMB-Lumbermen's Bank	Muskegon, MI	01/30/79	$ 176,523
FMB-Oceana Bank	Hart, MI	06/18/84	$ 53,334
FMB-State Savings Bank	Lowell, MI	12/29/86	$ 59,908
			$ 803,432

FIRST NATIONAL BANCSHARES, INC.
Suite 500, 241 Building, Box 1007
East Lansing, MI 48823
PHONE: 517-337-1373

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
First National Bank of Michigan	East Lansing, MI	12/10/81	$ 57,223

FIRST OF AMERICA BANK CORPORATION
108 East Michigan Avenue
Kalamazoo, MI 49007
PHONE: 616-383-9000

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
First of America Bank-Deerfield	Deerfield, MI	03/20/72	$ 38,389
First of America Bank-Michigan, National Association	Kalamazoo, MI	03/20/72	$ 728,276
First of America Bank-Copper Country	Calumet, MI	03/23/72	$ 58,212

FIRST OF AMERICA BANK CORPORATION - Cont.

First of America Bank-Holland, National Association	Holland, MI	03/26/73	$ 94,799
First of America Bank-Iron County	Stambaugh, MI	04/18/73	$ 20,211
First of America Bank-Straits Area	Cheboygan, MI	05/11/73	$ 73,633
First of America Bank-Menominee	Menominee, MI	06/04/73	$ 33,602
First of America Bank-Central	Lansing, MI	10/01/73	$ 428,672
First of America Bank-Grand Ledge	Grand Ledge, MI	12/06/73	$ 15,934
First of America Bank-Gogebic, National Association	Ironwood, MI	12/13/73	$ 64,280
First of America Bank-Charlotte	Charlotte, MI	04/29/74	$ 23,273
First of America Bank-Sault Ste. Marie, National Association	Sault Ste. Marie, MI	05/08/74	$ 50,427
First of America Bank-Ann Arbor	Ann Arbor, MI	04/30/75	$ 408,755
First of America Bank-Grand Traverse, National Association	Traverse City, MI	09/29/75	$ 57,429
First of America Bank-Ludington, National Association	Ludington, MI	12/03/76	$ 57,591
First of America Bank-Grand Rapids, National Association	Grand Rapids, MI	12/31/76	$ 39,004
First of America Bank-Muskegon	Muskegon, MI	06/01/77	$ 24,890
First of America Bank-Van Buren	Hartford, MI	12/30/78	$ 34,608
First of America Bank-Petoskey, National Association	Petoskey, MI	12/31/79	$ 27,503
First of America Bank-Bay Area	Sebewaing, MI	01/10/80	$ 32,809
First of America Bank-Marquette, National Association	Marquette, MI	06/20/80	$ 53,899
First of America Bank-Wayne Oakland	Royal Oak, MI	07/01/80	$ 576,254
First of America Bank-South Central, National Association	Quincy, MI	09/29/80	$ 54,860
First of America Bank-Alger, National Association	Munising, MI	05/13/81	$ 18,960
First of America Bank-Troy	Troy, MI	10/09/81	$ 52,778
First of America Bank-Plymouth, National Association	Plymouth, MI	10/09/81	$ 73,879
First of America Bank-Rochester, National Association	Rochester, MI	10/09/81	$ 58,327
First of America Bank-Detroit, National Association	Detroit, MI	10/09/81	$ 926,754
First of America Bank-Mid Michigan	Gladwin, MI	10/01/82	$ 92,246
First of America Bank-Oakland Macomb, National Association	Pontiac, MI	07/01/85	$ 537,031
First of America Bank-Alpena	Alpena, MI	12/31/85	$ 118,368
NewCentury Bank-West Branch	West Branch, MI	12/31/86	$ 59,193
NewCentury Bank-Thumb	Bad Axe, MI	12/31/86	$ 9,711
NewCentury Bank-Metro West	Howell, MI	12/31/86	$ 91,449
NewCentury Bank-Bay City, National Association	Bay City, MI	12/31/86	$ 321,498
NewCentury Bank-Lapeer, National Association	Lapeer, MI	12/31/86	$ 84,911
Golf Mill State Bank	Niles, IL	12/31/86	$ 101,877
Grayslake National Bank	Grayslake, IL	12/31/86	$ 77,159
First National Bank of Mundelein	Mundelein, IL	12/31/86	$ 65,062
The Premier Bank of Vernon Hills	Vernon Hills, IL	12/31/86	$ 19,406
Zion State Bank and Trust Company	Zion, IL	12/31/86	$ 102,493
NewCentury Bank-Mt. Pleasant	Mt. Pleasant, MI	12/31/86	$ 73,099
Libertyville National Bank	Libertyville, IL	12/31/86	$ 103,494
NewCentury Bank-AuSable	Oscoda, MI	12/31/86	$ 32,576
NewCentury Bank	Frankenmuth, MI	12/31/86	$ 273,625
FIRST OF AMERICA BANK CORPORATION - INDIANA	Indianapolis, IN		
First Bank and Trust Company	Speedway, IN	11/28/86	$ 242,720
First National Bank and Trust Company of La Porte	La Porte, IN	12/12/86	$ 138,320
			$ 6,672,246

FIRST OF CHARLEVOIX CORP.
111 State Street, Box 58
Charlevoix, MI 49720
PHONE: 616-547-9916

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
First State Bank of Charlevoix	Charlevoix, MI	04/18/86	$ 27,709

FIRST OF HURON CORP.
One East Huron Avenue
Bad Axe, MI 48413
PHONE: 517-269-9531

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
First National Bank of Bad Axe	Bad Axe, MI	12/28/81	$ 65,246

FIRST STATE FINANCIAL CORPORATION
22556 Gratiot Avenue
East Detroit, MI 48021
PHONE: 313-775-5000

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
First State Bank of East Detroit	East Detroit, MI	02/28/81	$ 210,970
Macomb County Bank	Richmond, MI	01/28/82	$ 37,630
			$ 248,600

FIRSTBANK CORP.
311 Woodworth Avenue, Box 191
Alma, MI 48801
PHONE: 517-463-3131

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Bank of Alma	Alma, MI	12/31/85	$ 115,159

FNB BANCORP, INC.
226 West Caroline Street
Fenton, MI 48430
PHONE: 313-629-1543

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
First National Bank of Fenton	Fenton, MI	12/31/84	$ 73,718

HARBOR COUNTRY BANKING CORPORATION
Three North Elm Street
Three Oaks, MI 49128
PHONE: 616-756-2871

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
The Bank of Three Oaks	Three Oaks, MI	09/30/83	$ 55,243
Heritage Bank	Oronoko Township, MI	12/15/86	$ 8,552
			$ 63,795

HARBOR SPRINGS FINANCIAL CORPORATION
200 East Main Street
Harbor Springs, MI 49740
PHONE: 616-526-2114

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Harbor Springs State Bank	Harbor Springs, MI	02/01/83	$ 29,159

HCB FINANCIAL CORP.
150 West Court Street, Box 70
Hastings, MI 49058
PHONE: 616-945-2401

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
The Hastings City Bank	Hastings, MI	01/01/86	$ 66,512

INDEPENDENT BANK CORPORATION
230 West Main Street, Box 491
Ionia, MI 48846
PHONE: 616-527-9450

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
First Security Bank	Ionia, MI	06/01/74	$ 103,900

INDEPENDENT BANK CORPORATION - Cont.

Independent Bank-West Michigan	Rockford, MI	08/21/75	$ 67,788
Independent Bank-South Michigan	Leslie, MI	02/16/81	$ 50,074
			$ 221,762

LAKEVIEW FINANCIAL CORP.
Box 127
Lakeview, MI 48850
PHONE: 517-352-7271

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Bank of Lakeview	Lakeview, MI	12/31/86	$ 48,706

MANUFACTURERS NATIONAL CORPORATION
Manufacturers Bank Tower, Renaissance Center
Detroit, MI 48243
PHONE: 313-222-4000

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Manufacturers National Bank of Detroit	Detroit, MI	04/24/73	$ 5,237,695
Manufacturers Bank of Livonia	Livonia, MI	01/02/74	$ 109,836
Manufacturers Bank of Saline	Saline, MI	06/03/74	$ 93,976
Manufacturers Bank of Bay City	Bay City, MI	09/30/75	$ 115,673
Manufacturers Bank of Southfield, National Association	Southfield, MI	02/11/77	$ 196,735
Manufacturers Bank of The Shores	St. Clair Shores, MI	06/06/77	$ 80,837
Manufacturers Bank of Novi	Novi, MI	10/24/79	$ 27,278
Manufacturers Bank of Lansing	Lansing, MI	01/30/81	$ 272,756
AMERICAN HERITAGE BANCSHARES, INC.	East Lansing, MI		
Manufacturers Bank of Coopersville	Coopersville, MI	06/13/79	$ 52,031
			$ 6,186,817

MARQUETTE COUNTY FINANCIAL CORPORATION
350 Iron Street, Box 668
Negaunee, MI 49866
PHONE: 906-475-4151

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
The First National Bank of Negaunee	Negaunee, MI	07/31/86	$ 51,881

METRO BANCORP, INC.
27500 Farmington Road
Farmington Hills, MI 48018
PHONE: 313-553-4200

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Metropolitan National Bank of Farmington	Farmington Hills, MI	01/01/82	$ 37,147

MICHIGAN FINANCIAL CORPORATION
101 West Washington Street
Marquette, MI 49855
PHONE: 906-228-6940

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
The First National Bank & Trust Company of Marquette	Marquette, MI	10/01/73	$ 179,887
First National Bank & Trust Company	Escanaba, MI	10/01/73	$ 92,333
The Miners' First National Bank & Trust Company of Ishpeming	Ishpeming, MI	10/01/73	$ 62,321
The First National Bank of Hermansville	Hermansville, MI	10/01/73	$ 19,931
Trenary State Bank	Trenary, MI	10/01/73	$ 10,958
First National Bank of Ironwood	Ironwood, MI	12/31/74	$ 65,720

MICHIGAN FINANCIAL CORPORATION - Cont.

The Iron River National Bank	Iron River, MI	06/01/77	$ 40,284
First National Bank and Trust of Menominee	Menominee, MI	12/31/81	$ 58,723
			$ 530,157

MICHIGAN NATIONAL CORPORATION
30665 Northwestern Highway, Box 9065
Farmington Hills, MI 48018-9065
PHONE: 313-626-8200

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Michigan National Bank-North Metro	Troy, MI	11/06/72	$ 412,524
Michigan National Bank	Lansing, MI	11/06/72	$ 1,449,501
Michigan National Bank-West Metro	Livonia, MI	11/06/72	$ 343,091
Michigan National Bank-Oakland	Southfield, MI	11/06/72	$ 514,844
Michigan National Bank of Detroit	Detroit, MI	11/06/72	$ 1,881,591
Michigan National Bank-Mid Michigan	Flint, MI	12/10/73	$ 292,872
Michigan National Bank-West	Kalamazoo, MI	01/07/74	$ 68,792
Michigan National Bank-Central	Wyoming, MI	12/10/74	$ 336,045
Michigan National Bank-Valley	Midland, MI	12/10/74	$ 156,373
Michigan National Bank of Macomb	Warren, MI	12/30/74	$ 212,840
Michigan National Bank-West Oakland	Novi, MI	11/25/75	$ 87,756
Michigan National Bank-Michiana	Cassopolis, MI	03/11/76	$ 135,382
Michigan National Bank-Farmington	Farmington Hills, MI	06/27/77	$ 52,435
Michigan National Bank-Sterling	Sterling Heights, MI	03/02/78	$ 84,940
Michigan Bank-Port Huron	Port Huron, MI	04/20/78	$ 308,499
Michigan National Bank-Ann Arbor	Ann Arbor, MI	06/13/79	$ 62,178
Michigan Bank-Livingston	Brighton, MI	12/31/79	$ 58,180
Michigan National Bank-South Metro	Dearborn, MI	12/31/79	$ 233,002
Michigan Bank-Mid South	Litchfield, MI	12/31/79	$ 52,471
Michigan Bank-Midwest	Jackson, MI	09/17/81	$ 77,130
Michigan Bank-Huron	East Tawas, MI	11/05/81	$ 51,171
Independence One Bank, National Association	Rapid City, SD	11/03/86	$ 1
			$ 6,871,618

NBD BANCORP, INC.
611 Woodward Avenue
Detroit, MI 48226
PHONE: 313-225-1000

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
National Bank of Detroit	Detroit, MI	01/01/73	$ 9,714,319
NBD Dearborn Bank, National Association	Dearborn, MI	06/04/74	$ 69,113
NBD Grand Valley Bank, National Association	Grandville, MI	11/04/74	$ 105,975
NBD Commerce Bank	Lansing, MI	09/02/75	$ 88,291
NBD Troy Bank, National Association	Troy, MI	02/23/76	$ 81,220
NBD Saginaw	Saginaw, MI	11/01/78	$ 125,973
NBD Portage Bank	Portage, MI	04/12/79	$ 15,936
NBD Alpena Bank	Alpena, MI	08/01/79	$ 120,525
NBD Monroe County Bank	Dundee, MI	12/31/79	$ 33,274
NBD F & M Bank, National Association	Benton Harbor, MI	01/03/80	$ 184,267
NBD Evart Bank, National Association	Evart, MI	08/01/80	$ 30,648
NBD Cadillac Bank	Cadillac, MI	08/01/80	$ 176,761
NBD Ann Arbor, National Association	Ann Arbor, MI	06/01/81	$ 303,057
NBD Sandusky Bank	Sandusky, MI	12/31/81	$ 104,910
NBD Roscommon Bank	Roscommon, MI	12/31/81	$ 13,895
NBD Northwest Bank, National Association	Traverse City, MI	03/09/84	$ 117,496
Pontiac State Bank	Pontiac, MI	08/27/84	$ 592,566
Peoples Bank of Port Huron	Port Huron, MI	05/01/86	$ 265,844
Wyandotte Savings Bank	Wyandotte, MI	12/31/86	$ 336,265
UNITED MICHIGAN CORPORATION	Flint, MI		
Community State Bank of Fowlerville	Fowlerville, MI	03/28/85	$ 25,878
Genesee Merchants Bank & Trust Co.	Flint, MI	03/28/85	$ 820,863

NBD BANCORP, INC. - Cont.

The Peoples State Bank of Caro, Michigan	Caro, MI	03/28/85	$ 35,184
UNION BANCORP, INC.	Grand Rapids, MI		
Union Bank and Trust Company, National Association	Grand Rapids, MI	03/10/73	$ 791,601
The Peoples Bank and Trust Company	Grand Haven, MI	09/16/74	$ 136,360
First National Bank and Trust Company	Petoskey, MI	04/01/76	$ 133,886
MIDWEST COMMERCE CORPORATION	Elkhart, IN		
Midwest Commerce Banking Company	Elkhart, IN	06/30/86	$ 565,619
			$14,989,726

NORTHWESTERN BANK CORPORATION
102 Mill Street, Box 419
East Jordan, MI 49727
PHONE: 616-536-2251

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Northwestern State Bank	East Jordan, MI	01/16/81	$ 80,330

OLD KENT FINANCIAL CORPORATION
One Vandenberg Center
Grand Rapids, MI 49503
PHONE: 616-774-5000

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Old Kent Bank and Trust Company	Grand Rapids, MI	10/16/72	$ 2,375,022
Old Kent Bank of Cadillac	Cadillac, MI	08/01/73	$ 63,394
Old Kent Bank of Fremont	Fremont, MI	11/01/73	$ 48,459
Old Kent Bank of Holland	Holland, MI	12/31/73	$ 209,743
Old Kent Bank of Kentwood	Kentwood, MI	06/22/76	$ 19,590
Old Kent Bank-Southeast	Trenton, MI	01/03/78	$ 216,181
Old Kent Bank of Big Rapids	Big Rapids, MI	06/18/79	$ 89,592
Old Kent Bank of Petoskey	Petoskey, MI	01/02/80	$ 101,207
Old Kent Bank of Kalamazoo	Kalamazoo, MI	04/01/81	$ 447,468
Old Kent Bank of Gaylord	Gaylord, MI	06/01/81	$ 106,140
Old Kent Bank of Brighton	Brighton, MI	03/31/83	$ 153,130
Old Kent Bank of Hillsdale	Hillsdale, MI	03/31/83	$ 76,342
Old Kent Bank-Grand Traverse	Traverse City, MI	03/31/83	$ 303,976
Old Kent Bank-Central	Owosso, MI	03/31/83	$ 235,168
Old Kent Bank of Grand Blanc	Grand Blanc, MI	03/31/83	$ 58,854
Old Kent Bank of Grand Haven	Grand Haven, MI	03/31/83	$ 239,921
Old Kent Bank-Southwest	Niles, MI	03/31/83	$ 274,000
Old Kent Bank of Lansing, National Association	Lansing, MI	03/31/83	$ 25,660
Old Kent Bank of Greenville	Greenville, MI	05/01/86	$ 59,223
Old Kent Bank of South Haven	South Haven, MI	06/30/86	$ 36,761
Old Kent Bank of Ludington	Ludington, MI	06/30/86	$ 42,396
Old Kent Bank of Three Rivers	Three Rivers, MI	06/30/86	$ 28,987
Old Kent Bank of St. Johns	St. Johns, MI	06/30/86	$ 51,516
Old Kent Bank of Allegan	Allegan, MI	06/30/86	$ 39,826
Old Kent Bank of Battle Creek	Battle Creek, MI	06/30/86	$ 34,632
			$ 5,337,188

ONTONAGON FIRST NATIONAL CORPORATION
601 River Street, Box 68
Ontonagon, MI 49953
PHONE: 906-884-4114

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
The First National Bank in Ontonagon	Ontonagon, MI	10/16/80	$ 16,145

PENINSULA FINANCIAL CORPORATION
100 South Main Street, Box 470
Ishpeming, MI 49849
PHONE: 906-485-6333

PENINSULA FINANCIAL CORPORATION - Cont.

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
The Peninsula Bank	Ishpeming, MI	08/01/86	$ 36,401

PINNACLE FINANCIAL SERVICES, INC.
830 Pleasant Street, Box 48
St. Joseph, MI 49085
PHONE: 616-983-6311

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
The Peoples State Bank of St. Joseph	St. Joseph, MI	07/01/86	$ 144,495

PIONEER BANKSHARES, INC.
4046 Huron Street, Box 1
North Branch, MI 48461
PHONE: 313-688-3051

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Pioneer Bank	North Branch, MI	07/15/83	$ 11,968

REPUBLIC BANCORP, INC.
3200 Beecher Road
Flint Township, MI 48504
PHONE: 313-732-3300

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Republic Bank	Flint Township, MI	01/15/86	$ 34,649
Bellaire State Bank	Bellaire, MI	12/08/86	$ 29,536
Peoples State Bank	Williamston, MI	12/29/86	$ 52,045
			$ 116,230

ROYAL BANK GROUP, INC.
215 South Center Street, Box 156
Royal Oak, MI 48067
PHONE: 313-399-5200

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
National Bank of Royal Oak	Royal Oak, MI	09/05/84	$ 89,474

RUTH BANK CORPORATION
7004 East Atwater Road, Box 8
Ruth, MI 48470
PHONE: 517-864-3380

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Ruth State Bank	Ruth, MI	11/01/84	$ 24,812

S.B.E. CORP.
112 North 11th Street
Escanaba, MI 49829
PHONE: 906-786-1331

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
State Bank of Escanaba	Escanaba, MI	11/30/84	$ 57,028

SECURITY BANCORP, INC.
Security Circle, 16333 Trenton Road
Southgate, MI 48195
PHONE: 313-281-5000

SECURITY BANCORP, INC. - Cont.

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Security Bank and Trust Company	Southgate, MI	02/11/77	$ 1,080,017
Security Bank of Richmond	Richmond, MI	07/01/80	$ 84,790
Security Bank St. Clair Shores	St. Clair Shores, MI	10/01/82	$ 86,164
Security Bank of Monroe	Monroe, MI	03/31/83	$ 218,320
Security Bank Imlay City	Imlay City, MI	04/30/85	$ 33,584
Security Bank of Almont	Almont, MI	10/06/86	$ 28,357
Trenton Bank and Trust Company	Trenton, MI	12/26/86	$ 120,659
COMMERCE BANCORP, INC.	Hamtramck, MI		
The State Bank of Fraser	Fraser, MI	03/31/83	$ 104,863
Bank of Commerce	Hamtramck, MI	03/31/83	$ 375,017
			$ 2,131,771

SOUTHERN MICHIGAN BANCORP, INC.
51 West Pearl Street, Box 309
Coldwater, MI 49036
PHONE: 517-279-7511

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Southern Michigan National Bank	Coldwater, MI	11/08/82	$ 109,847

SPARTAN BANCORP, INC.
100 West Grand River Avenue, Box 1100
East Lansing, MI 48823
PHONE: 517-337-4100

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
East Lansing State Bank	East Lansing, MI	09/30/83	$ 146,471

SSB, INC.
101 South Cedar Street, Box 399
Manistique, MI 49854
PHONE: 906-341-2171

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
The State Savings Bank of Manistique	Manistique, MI	02/10/86	$ 35,191

STOCKBRIDGE BANCORPORATION, INC.
122 West Main Street, Box 437
Stockbridge, MI 49285
PHONE: 517-851-7733

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Stockbridge State Bank	Stockbridge, MI	05/11/83	$ 34,083

SUPERIOR FINANCIAL CORPORATION
511 Ashmun Street, Box 10
Sault Ste. Marie, MI 49783
PHONE: 906-635-5251

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Sault Savings Bank	Sault Ste. Marie, MI	02/01/84	$ 82,259

TANIS, INC.
West Memorial Road
Houghton, MI 49931
PHONE: 906-482-1171

TANIS, INC. - Cont.

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
First National Bank of Calumet-Lake Linden	Calumet, MI	03/31/73	$ 20,043

UNITED BANCORP, INC.
205 East Chicago Blvd., Box 248
Tecumseh, MI 49286
PHONE: 517-423-8373

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
United Savings Bank of Tecumseh	Tecumseh, MI	01/01/86	$ 135,740

UNITED COMMUNITY FINANCIAL CORPORATION
103 South Main Street
Wayland, MI 49348
PHONE: 616-792-2283

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
United Bank of Michigan	Grand Rapids, MI	11/18/83	$ 78,580

UNITED MIDWEST BANCORPORATION, LTD.
801 West Big Beaver Road
Troy, MI 48099
PHONE: 313-362-5000

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Liberty State Bank & Trust	Hamtramck, MI	09/13/71	$ 260,392
Liberty Bank-Oakland	Troy, MI	08/01/83	$ 70,438
			$ 330,830

UNIVERSAL CORPORATION
133 West Michigan Avenue, Box 220
Ypsilanti, MI 48197
PHONE: 313-482-5800

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
The National Bank of Ypsilanti	Ypsilanti, MI	08/01/85	$ 98,396

WAKEFIELD BANCORPORATION, INC.
402 Sunday Lake Street, Box 147
Wakefield, MI 49968-0147
PHONE: 906-224-9581

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
The First National Bank of Wakefield	Wakefield, MI	10/31/83	$ 21,111

WB FINANCIAL CORP.
35215 Michigan Avenue West, Box 804
Wayne, MI 48184
PHONE: 313-721-4151

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Wayne Bank	Wayne, MI	08/16/83	$ 76,993

WEST SHORE BANK CORPORATION
107 West State Street, Box 278
Scottville, MI 49454
PHONE: 616-757-4751

WEST SHORE BANK CORPORATION - Cont.

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
State Savings Bank of Scottville	Scottville, MI	02/08/82	$ 54,942

WOODLAK COMPANY
West Memorial Road
Houghton, MI 49931
PHONE: 906-482-1171

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Commercial National Bank of L'Anse	L'Anse, MI	01/01/70	$ 33,993

INTERSTATE ACQUISITIONS - 1986

Bank Holding Company	Subsidiary	Date Acquired
AmeriTrust Corporation Cleveland, Ohio	AMERITRUST INDIANA CORPORATION Elkhart, Indiana	Sep. 15, 86
	First National Bank & Trust Company Sturgis, Michigan	Sep. 15, 86
Banc One Corporation Columbus, Ohio	Bank One, Sturgis Sturgis, Michigan	Dec. 19, 86
First of America Bank Corporation Kalamazoo, Michigan	Golf Mill State Bank Niles, Illinois	Dec. 31, 86
	Grayslake National Bank Grayslake, Illinois	Dec. 31, 86
	First National Bank of Mundelein Mundelein, Illinois	Dec. 31, 86
	The Premier Bank of Vernon Hills Vernon Hills, Illinois	Dec. 31, 86
	Zion State Bank and Trust Company Zion, Illinois	Dec. 31, 86
	Libertyville National Bank Libertyville, Illinois	Dec. 31, 86
	FIRST OF AMERICA BANK CORPORATION - INDIANA Indianapolis, Indiana	Nov. 28, 86
	First Bank and Trust Company Speedway, Indiana	Nov. 28, 86
	First National Bank and Trust Company of La Porte La Porte, Indiana	Dec. 12, 86
Huntington Bancshares Incorporated Columbus, Ohio	HUNTINGTON BANCSHARES, MICHIGAN, INC. Warren, Michigan	Nov. 28, 86
	Warren Bank Warren, Michigan	Nov. 28, 86
Michigan National Corporation Bloomfield Hills, Michigan	Independence One Bank, National Association Rapid City, South Dakota	Nov. 3, 86
NBD Bancorp, Inc. Detroit, Michigan	MIDWEST COMMERCE CORPORATION Elkhart, Indiana	Jun. 30, 86
	Midwest Commerce Banking Company Elkhart, Indiana	June 30, 86

NON-DOMESTIC BANK HOLDING COMPANIES AND SUBSIDIARIES
(000s Omitted)

AMERITRUST CORPORATION
300 Euclid Avenue
Cleveland, OH 44101
PHONE: 216-687-5000

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
AMERITRUST INDIANA CORPORATION	Elkhart, IN		
First National Bank & Trust Company	Sturgis, MI	09/15/86	$ 77,610

BANC ONE CORPORATION
100 East Broad Street
Columbus, OH 43271-0261
PHONE: 614-463-5944

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Bank One, Sturgis	Sturgis, MI	12/19/86	$ 106,438

HUNTINGTON BANCSHARES INCORPORATED
41 South High Street
Columbus, OH 43287
PHONE: 614-463-4723

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
HUNTINGTON BANCSHARES, MICHIGAN, INC.	Warren, MI		
Warren Bank	Warren, MI	11/28/86	$ 300,192

SAVINGS AND LOAN HOLDING COMPANIES AND SUBSIDIARIES
(000s Omitted)

FIRST FEDERAL OF MICHIGAN
1001 Woodward Avenue
Detroit, MI 48226
PHONE: 313-965-1400

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
1001 HOLDING, INC.	Detroit, MI		
Bay Savings Bank, FSB	Newport News, VA	03/04/83	$ 234,900
Omni Savings Bank, FSB	Columbia, SC	10/14/83	$ 62,100
			$ 297,000*

NORTHERN MICHIGAN CORPORATION
723 Ludington Street, P. O. Box 716
Escanaba, MI 49829
PHONE: 906-786-0220

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Northern Michigan Savings Bank, FSB	Escanaba, MI	12/31/85	$ 65,501

SELIGMAN & ASSOCIATES, INC.
24901 Northwestern Highway
Southfield, MI 48075
PHONE: 313-355-2400

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Sterling Savings and Loan Association	Southfield, MI	06/25/84	$ 36,409

CENTRAL HOLDING COMPANY
36800 Gratiot
Mount Clemens, MI 48043
PHONE: 313-792-8055

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Colonial Central Savings Bank, FSB	Mount Clemens, MI	02/01/84	$ 257,871

*Parent deposits not included.

STATE BANKS AS OF DECEMBER 31, 1986

(000's Omitted)

Location and Name of Bank	Cash and Due From Depository Institutions	Total Securities	Net Loans	Allowance for Loan Losses	Non-Interest Bearing Deposits	Interest Bearing Deposits	Total Capital**	Total Assets and/or Total Liabilities
Adrian--Adrian State Bank	9,123	11,913	44,459	451	12,451	52,662	5,440	71,780
*Adrian--Bank of Lenawee	4,464	33,018	51,035	437	9,298	75,009	9,776	95,376
*Adrian--Commercial Savings Bank	12,962	52,479	68,241	677	19,799	109,639	10,491	142,642
Akron--Akron State Bank	1,128	3,386	10,419	269	1,727	14,626	910	17,387
Alden--Alden State Bank	1,178	3,555	12,501	160	2,108	14,289	1,609	18,271
Algonac--The Algonac Savings Bank	4,743	31,870	35,813	311	9,997	60,599	7,684	79,633
*Allegan--Old Kent Bank of Allegan	2,388	2,775	27,479	419	7,794	32,032	2,819	43,196
Alma--Bank of Alma	15,059	29,557	70,573	1,500	13,546	101,613	11,257	127,513
Almont--Security Bank of Almont	7,987	5,964	14,877	208	4,279	24,078	1,517	30,446
Alpena--First of America Bank-Alpena	12,276	45,830	62,518	1,057	21,498	96,870	9,003	128,919
Alpena--NBD Alpena Bank	9,093	61,468	52,736	863	16,409	104,116	8,456	131,193
Ann Arbor--Citizens Trust	29,208	84,557	183,309	2,271	62,483	227,289	20,728	316,318
*Ann Arbor--First of America Bank-Ann Arbor	48,248	102,962	28[illegible]912	3,811	93,699	315,056	29,985	454,017
Au Gres--Chemical Bank Au Gres	809	15,572	11,842	207	2,327	26,295	2,288	31,219
Bad Axe--NewCentury Bank-Thumb	10,653	33,870	39,856	5,302	9,228	81,483	2,692	94,527
Baldwin--Lake-Osceola State Bank	1,454	11,255	12,553	188	4,024	20,502	3,113	27,826
Bangor--The West Michigan Savings Bank	1,721	15,155	7,266	94	3,532	19,027	3,608	26,362
Battle Creek--Comerica Bank-Battle Creek	79,006	5,530	64,622	970	33,874	119,192	10,647	167,122
*Battle Creek--Old Kent Bank of Battle Creek	911	5,299	25,189	338	8,694	25,938	2,429	37,845
*Bay City--Manufacturers Bank of Bay City	29,904	18,596	69,620	967	27,071	88,602	8,430	131,524
Bay Port--Bay Port State Bank	1,540	1,496	7,099	109	1,524	9,710	742	12,120
Beaverton--Chemical Bank Gladwin County	2,416	19,798	15,680	320	3,962	33,366	3,557	41,322
Bellaire--Bellaire State Bank	6,104	-	21,025	589	3,547	25,989	1,970	31,851
Benton Harbor--Inter-City Bank	26,226	52,655	144,269	1,317	37,566	178,585	17,487	235,709
Berrien Springs (Oronoko Twp.)--Heritage Bank.	1,703	290	5,664	85	1,525	7,027	674	9,424
Beulah--Central State Bank	2,389	3,106	11,391	122	2,219	15,906	916	19,123
Big Rapids--Old Kent Bank of Big Rapids	27,416	5,030	60,149	683	14,469	75,123	6,664	96,808
Birmingham--Fidelity Bank	27,171	24,118	60,928	707	52,347	62,186	7,370	123,075
*Blissfield--The Blissfield State Bank	1,788	18,383	18,662	268	2,773	35,049	2,962	41,151
Blissfield--The Jipson-Carter State Bank	3,064	11,914	13,278	360	2,168	25,667	2,519	30,721
*Breckenridge--Farmers State Bank of Breckenridge	1,317	7,758	29,557	605	4,592	43,265	3,115	51,510
Brighton--Michigan Bank-Livingston	4,084	2,150	42,940	755	13,751	44,429	3,679	64,147
Brighton--Old Kent Bank of Brighton	57,191	14,600	90,321	1,261	22,381	130,749	10,061	166,859
*Brown City--Tri-County Bank	3,711	2,906	12,243	200	1,775	18,845	1,631	22,403
*Byron Center--Byron Center State Bank	4,326	23,000	50,142	535	9,143	62,064	10,007	81,999
Cadillac--Chemical Bank West	4,006	18,465	30,659	354	7,215	46,043	4,388	57,903
Cadillac--NBD Cadillac Bank	11,874	66,027	105,683	1,521	17,758	159,003	10,776	190,600
Cadillac--Old Kent Bank of Cadillac	20,467	3,755	44,364	548	8,718	54,676	4,401	70,035
*Caledonia--State Bank of Caledonia	1,828	11,519	29,323	304	5,958	35,474	5,710	47,679
*Calumet--First of America Bank-Copper Country.	2,369	22,167	33,791	451	5,455	52,757	4,475	63,631
*Capac--Capac State Savings Bank	2,325	21,001	34,148	690	3,134	51,991	6,126	61,764
Caro--The Peoples State Bank of Caro, Michigan	3,610	5,360	22,923	422	4,648	30,536	3,097	38,346
Caro--State Savings Bank of Caro	2,173	21,561	16,426	250	4,472	38,502	5,756	49,196
Carsonville--Exchange State Bank	1,215	16,149	20,531	224	3,121	37,349	3,990	44,977
*Cass City--The Cass City State Bank	950	3,743	11,105	263	1,911	15,510	968	18,479
*Cass City--Chemical Bank Cass City	1,862	10,366	12,374	176	2,827	22,130	1,979	27,242
Charlevoix--Charlevoix County State Bank	3,018	13,496	24,627	251	6,664	35,845	3,576	46,376
Charlevoix--First State Bank of Charlevoix	11,827	2,651	14,318	116	4,598	23,111	2,737	30,878
Charlotte--First of America Bank-Charlotte	2,166	9,594	12,804	171	4,113	19,160	1,926	25,468
*Cheboygan--First of America Bank-Straits Area.	4,623	22,600	49,527	591	8,919	64,714	5,528	79,849
*Chelsea--Chelsea State Bank	9,718	35,988	38,883	393	8,516	73,328	9,941	92,957
*Clare--Chemical Bank Clare	7,031	59,576	49,449	1,050	9,278	100,603	10,291	122,300
Coldwater--Branch County Bank	11,327	25,120	59,560	620	14,376	81,166	8,673	105,674
*Coloma--The State Bank of Coloma	2,327	13,656	8,273	93	2,504	21,575	3,146	27,478
Coopersville--Manufacturers Bank of Coopersville	4,416	9,552	41,665	470	10,068	41,963	5,296	58,822
*Croswell--State Bank of Croswell	10,507	23,309	25,472	317	5,624	51,746	5,411	63,165
*Dearborn--Dearborn Bank and Trust Company	18,405	72,887	131,275	1,326	44,389	176,598	16,628	242,813
Decatur--First State [illegible] of Decatur	1,366	4,917	10,364	119	1,800	15,067	1,939	19,021
Deckerville--Sanilac C[illegible]y Bank	1,791	10,549	20,960	915	4,926	29,695	1,888	37,892
Deerfield--First of Am[illegible]ica Bank-Deerfield	2,242	10,565	25,026	327	3,916	34,473	3,111	41,912
*Detroit--Comerica Bank Detroit	1,184,807	1,223,665	4,866,333	58,801	1,261,358	4,650,056	438,408	7,482,235
Detroit--River Place F[illegible]ancial Corp.	2,586	1,010	4,028	39	319	2,620	5,749	10,281
Dowagiac--FMB-Communit[illegible] Bank	2,536	18,033	25,864	335	5,469	39,984	2,862	49,191

* Member Bank of the Federal Reserve System
** Includes Subordinated Notes and Debentures

STATE BANKS AS OF DECEMBER 31, 1986

(000's Omitted)

Location and Name of Bank	Cash and Due From Depository Institutions	Total Securities	Net Loans	Allowance for Loan Losses	Non-Interest Bearing Deposits	Interest Bearing Deposits	Total Capital**	Total Assets and/or Total Liabilities
*Dundee--NBD Monroe County Bank.................	3,107	7,970	21,445	327	4,887	28,387	2,084	35,573
East Detroit--First State Bank of East Detroit	71,706	79,673	61,490	697	21,712	189,258	16,978	230,749
East Jordan--Northwestern State Bank..........	6,871	51,994	25,570	229	7,385	72,945	9,818	90,827
East Lansing--East Lansing State Bank.........	9,743	32,738	103,579	1,467	28,934	117,537	12,662	164,944
*East Tawas--Michigan Bank-Huron...............	2,422	23,244	24,735	450	5,778	45,393	4,047	56,371
Escanaba--State Bank of Escanaba..............	6,624	25,041	28,094	260	5,584	51,444	6,597	64,516
*Ewen--The State Bank of Ewen..................	961	8,210	10,791	168	2,308	14,454	2,858	20,354
Farwell--The Farwell State Savings Bank.......	1,143	13,597	20,335	150	3,532	28,970	4,528	37,334
Fenton--State Savings Bank of Fenton..........	12,102	31,785	68,627	706	13,698	96,080	9,479	121,604
*Flint--Citizens Commercial & Savings Bank.....	136,782	296,372	680,936	9,184	182,118	780,661	97,728	1,195,097
*Flint--Genesee Merchants Bank & Trust Co......	58,265	397,379	542,880	6,017	128,733	692,130	69,866	1,027,259
Flint Township--Republic Bank.................	3,520	3,840	25,583	286	6,503	28,146	1,989	37,367
Fowlerville--Community State Bank of Fowlerville...............................	2,514	10,320	10,015	163	4,603	21,275	1,517	27,542
Frankenmuth--NewCentury Bank..................	49,834	73,659	141,286	14,959	33,000	240,625	8,919	288,095
Frankfort--State Savings Bank, Frankfort, Mich..	1,145	13,139	10,960	61	2,172	20,712	3,587	26,705
Fraser--The State Bank of Fraser..............	12,758	49,606	35,826	690	19,535	85,328	9,043	115,576
Freeland--Freeland State Bank.................	1,712	13,545	12,834	117	3,517	24,602	2,540	30,925
*Fremont--Old Kent Bank of Fremont.............	15,687	2,747	33,649	457	5,799	42,660	3,148	53,098
*Fremont--The Old State Bank of Fremont........	6,324	6,223	26,088	1,090	6,012	34,270	1,559	42,101
*Gaylord--Old Kent Bank of Gaylord.............	38,449	3,107	69,541	850	14,225	91,915	7,573	114,541
Gladstone--Gladstone State Bank...............	4,360	8,063	14,496	94	2,934	23,522	2,617	29,107
Gladwin--First of America Bank-Mid Michigan...	5,398	26,269	61,963	822	10,310	81,936	7,116	100,173
Grand Blanc--Old Kent Bank of Grand Blanc.....	20,861	7,226	32,230	409	10,799	48,055	3,948	63,493
*Grand Haven--Old Kent Bank of Grand Haven.....	92,419	21,524	146,302	1,894	33,307	206,614	16,186	266,371
Grand Haven--The Peoples Bank and Trust Company....................................	8,036	47,384	91,551	1,156	17,895	118,375	10,955	151,111
Grand Ledge--First of America Bank-Grand Ledge......................................	1,173	6,019	9,194	161	3,231	12,703	1,193	17,339
*Grand Rapids--Old Kent Bank and Trust Company.	1,101,326	343,738	1,186,391	11,923	405,528	1,969,494	150,124	2,752,272
Grand Rapids--United Bank of Michigan.........	4,205	20,810	57,433	523	10,795	67,785	6,992	87,655
*Grant--The Grant State Bank...................	805	2,092	10,113	144	1,712	13,527	1,013	16,427
Grayling--Chemical Bank North.................	2,927	15,675	20,660	320	4,081	35,445	3,261	43,050
*Grayling--Grayling State Bank.................	6,790	11,525	18,315	403	3,939	34,442	2,913	41,620
*Greenville--Commercial Bank...................	4,529	9,685	38,882	543	6,633	45,909	4,693	58,835
Greenville--Old Kent Bank of Greenville.......	14,403	11,947	32,810	291	8,358	50,865	5,120	65,249
Hale--Farmers and Merchants State Bank of Hale	4,312	18,060	40,051	423	6,870	55,747	4,717	67,807
Hamtramck--Bank of Commerce...................	48,084	241,101	93,911	1,130	50,473	324,544	30,873	418,585
*Hamtramck--Liberty State Bank & Trust.........	19,202	65,035	187,580	1,764	68,212	192,180	23,691	292,999
Hamtramck--Peoples State Bank.................	4,488	50,462	46,491	430	12,922	84,208	21,502	119,399
*Harbor Beach--Huron County Bank...............	1,036	11,579	14,127	255	2,406	25,088	2,108	29,889
*Harbor Springs--Harbor Springs State Bank.....	7,601	5,887	16,392	165	3,356	25,803	3,280	32,671
Hart--FMB-Oceana Bank.........................	1,971	25,265	23,691	304	4,690	48,644	4,294	58,281
Hartford--First of America Bank-Van Buren.....	3,495	10,875	20,797	274	5,143	29,465	2,512	37,597
Hastings--The Hastings City Bank..............	10,626	19,800	33,355	300	12,109	54,403	7,578	74,637
Hesperia--The State Bank of Hesperia..........	840	4,066	5,265	12	1,946	7,599	1,806	11,459
Highland Park--Automotive Financial Services, Inc..............................	41,867	-	-	-	15,645	24,900	1,493	42,076
Hillman--Hillman State Bank...................	2,479	3,514	7,601	117	2,396	11,162	1,274	14,954
*Hillsdale--Old Kent Bank of Hillsdale.........	29,572	7,368	46,624	610	9,304	67,038	5,656	86,492
Holland--Old Kent Bank of Holland.............	46,949	19,120	156,049	1,986	28,514	181,229	15,012	230,548
Honor--The Honor State Bank...................	1,092	11,836	18,325	156	2,809	27,127	2,833	33,027
Howell--NewCentury Bank-Metro West............	11,809	14,956	70,306	986	15,049	76,400	6,660	100,373
Hudson--Hudson State Savings Bank.............	1,225	21,825	10,894	235	2,969	34,892	3,788	41,988
Hudson--Thompson Savings Bank.................	1,120	21,317	14,837	199	3,254	34,566	3,712	41,927
Hudsonville--Bank of Hudsonville..............	3,055	5,394	14,527	173	4,309	20,052	1,550	26,070
Imlay City--Security Bank Imlay City..........	4,251	8,842	21,195	422	4,062	29,522	2,917	37,069
Ionia--First Security Bank....................	13,629	33,973	60,283	608	10,466	93,434	8,204	113,559
Iron River--The Miners' State Bank of Iron River......................................	769	11,182	6,766	64	1,122	16,814	1,922	20,103
*Ishpeming--The Peninsula Bank.................	2,545	14,710	21,745	219	2,940	33,461	3,903	40,838
Jackson--Michigan Bank-Midwest................	3,858	3,291	68,971	808	13,223	63,907	5,799	85,456
Kalamazoo--Comerica Bank-Kalamazoo............	72,912	19,685	119,492	1,703	55,328	170,379	13,492	242,981
*Kalamazoo--Old Kent Bank of Kalamazoo.........	78,250	107,236	305,580	3,938	105,629	341,839	31,999	515,409
*Kent City--Kent City State Bank...............	2,852	4,678	30,395	212	3,970	38,154	3,502	46,093

* Member Bank of the Federal Reserve System
** Includes Subordinated Notes and Debentures

STATE BANKS AS OF DECEMBER 31, 1986

(000's Omitted)

Location and Name of Bank	Cash and Due From Depository Institutions	Total Securities	Net Loans	Allowance for Loan Losses	Non-Interest Bearing Deposits	Interest Bearing Deposits	Total Capital**	Total Assets and/or Total Liabilities
*Kentwood--Old Kent Bank of Kentwood	11,978	531	10,169	87	4,942	14,648	1,534	23,724
*Kingston--The Kingston State Bank	3,257	8,598	18,144	315	2,733	27,747	2,057	33,003
Lake Odessa--Union Bank	1,495	10,410	20,877	508	2,989	28,059	3,229	34,694
*Lakeview--Bank of Lakeview	2,486	12,292	30,704	360	4,156	44,550	3,569	52,837
*Lansing--First of America Bank-Central	39,664	144,774	258,936	3,544	107,486	321,186	31,406	466,047
Lansing--Manufacturers Bank of Lansing	62,838	50,342	173,706	1,909	90,499	182,257	20,163	312,333
Lansing--NBD Commerce Bank	12,796	30,378	46,402	615	34,717	53,574	5,577	100,270
*Lapeer--Lapeer County Bank & Trust Co.	10,321	39,432	69,667	889	23,174	98,658	8,588	131,872
*Leslie--Independent Bank-South Michigan	2,578	16,141	32,620	434	4,841	45,233	4,023	54,645
Lewiston--Lewiston State Bank	4,638	20,257	21,782	473	3,436	45,983	5,197	54,958
Litchfield--Michigan Bank-Mid South	2,505	5,356	31,891	490	7,008	45,463	3,959	57,613
*Livonia--Comerica Bank-Livonia	119,476	6,902	18,150	212	17,279	137,960	10,232	168,313
*Livonia--Manufacturers Bank of Livonia	49,782	12,469	49,230	713	24,303	85,533	6,608	120,773
*Lowell--FMB-State Savings Bank	3,690	10,320	40,078	333	8,379	51,529	6,888	68,780
*Ludington--Old Kent Bank of Ludington	2,940	14,843	24,163	319	5,092	37,304	3,307	46,199
Mancelona--Antrim County State Bank	1,317	7,208	16,218	168	3,012	23,850	2,638	29,775
*Manistee--Manistee Bank & Trust Co.	3,134	40,778	59,894	610	10,717	90,660	7,941	110,432
*Manistique--The State Savings Bank of Manistique	3,803	21,761	12,692	102	3,181	32,010	3,077	39,992
*Marcellus--G. W. Jones Exchange Bank	675	1,596	5,041	54	2,585	6,610	645	9,969
Marshall--Chemical Bank Marshall	2,600	11,714	20,482	319	7,078	30,475	3,375	41,532
Mason--Mason State Bank	12,649	13,170	39,423	439	7,483	56,388	4,517	69,076
Mayville--Mayville State Bank	1,416	6,586	18,306	222	2,017	23,544	2,430	28,309
*Menominee--First of America Bank-Menominee	2,179	6,912	24,785	315	3,416	30,186	2,600	36,492
*Midland--Chemical Bank and Trust Company	39,111	182,852	176,436	2,345	40,941	339,263	35,218	431,009
Midland--Comerica Bank-Midland	48,679	10,045	64,238	766	18,905	98,208	7,409	127,355
Monroe (Frenchtown Twp.)--Erie State Bank	9,976	1,778	41,635	315	6,052	44,328	4,448	56,600
Monroe--Monroe Bank & Trust	21,221	125,879	189,337	2,200	47,079	268,666	33,433	352,264
*Monroe--Security Bank of Monroe	18,495	62,055	143,674	1,617	20,462	197,858	17,645	237,727
Montrose--The Montrose State Bank	1,649	11,278	14,367	154	3,941	23,271	2,831	30,254
Morley--The Morley State Bank	289	944	908	12	369	2,043	184	2,620
Mount Clemens--First Macomb Bank	17,677	60,463	190,142	1,971	49,366	212,124	20,863	292,006
*Mount Pleasant--Isabella Bank and Trust	5,365	41,357	88,555	1,073	20,074	116,716	10,706	148,896
*Mount Pleasant--NewCentury Bank-Mt. Pleasant	12,156	21,314	40,270	1,352	9,911	63,188	4,521	83,317
Munising--Peoples State Bank of Munising	637	3,596	15,461	124	1,646	18,108	1,571	21,519
Munith--Farmers State Bank of Munith	969	5,585	9,954	100	1,632	15,784	1,893	19,646
Muskegon--First of America Bank-Muskegon	18,554	56,304	172,674	1,842	30,130	210,760	17,039	260,694
Muskegon--FMB-Lumberman's Bank	17,803	68,039	115,268	1,621	27,110	149,413	13,696	210,467
New Baltimore--Citizens State Savings Bank	2,189	31,950	9,306	178	5,135	35,461	4,725	46,041
Newberry--The Newberry State Bank	1,444	15,325	13,572	117	3,867	25,979	3,265	33,426
Niles--Old Kent Bank-Southwest	105,597	25,710	164,689	2,360	40,758	233,242	19,648	305,085
*North Branch--Pioneer Bank	612	2,474	6,510	80	1,261	10,707	1,109	13,250
Novi--Manufacturers Bank of Novi	14,301	2,254	9,130	174	6,582	20,696	1,798	29,453
*Onsted--The Onsted State Bank	2,686	5,974	10,837	108	3,048	17,462	1,326	21,999
*Ontonagon--The Citizens State Bank of Ontonagon	1,533	11,507	11,454	150	2,853	20,000	2,761	25,832
Oscoda--NewCentury Bank-AuSable	4,256	9,581	21,438	354	4,982	29,594	2,705	38,595
Owosso--Key State Bank	4,687	16,721	60,760	638	12,427	69,339	7,085	90,681
Owosso--Old Kent Bank-Central	52,858	39,296	165,045	2,213	30,376	205,792	15,916	266,737
Oxford--Oxford Bank	2,708	26,308	48,725	852	10,304	70,930	6,003	88,813
*Petoskey--Old Kent Bank of Petoskey	21,376	9,184	75,422	917	15,250	85,957	6,862	108,892
Pontiac--Pontiac State Bank	36,686	347,037	227,487	3,521	115,414	477,152	42,336	651,865
Port Austin--The Port Austin State Bank	999	5,270	7,529	92	1,468	12,910	1,488	16,004
Port Hope--The State Bank of Port Hope	1,527	5,778	7,041	160	1,152	13,271	1,489	16,010
*Port Huron--Michigan Bank-Port Huron	14,610	70,735	206,489	2,632	44,970	263,529	21,312	335,444
Port Huron--Peoples Bank of Port Huron	13,536	51,398	202,301	1,755	38,742	227,102	18,903	286,509
Portage--NBD Portage Bank	1,219	3,303	12,362	211	3,922	12,014	1,450	17,461
Portland--Maynard-Allen State Bank	3,787	15,514	29,227	149	7,068	43,686	6,086	57,348
Reed City--The Reed City State Bank	1,397	26,304	15,734	200	4,883	37,375	6,358	49,201
*Richmond--Macomb County Bank	2,048	1,202	35,724	354	5,366	32,264	2,551	40,750
*Richmond--Security Bank of Richmond	11,888	19,379	52,919	656	9,864	74,926	5,743	91,027
*River Rouge--River Rouge Savings Bank	5,964	1,940	9,148	135	4,407	12,367	1,272	18,207
Rockford--Independent Bank-West Michigan	9,558	8,076	52,173	506	8,235	59,553	5,433	73,549
Rogers City--Presque Isle Bank	2,406	24,716	10,498	139	3,274	32,973	2,815	39,282
*Roscommon--NBD Roscommon Bank	5,826	66,843	63,988	552	14,304	116,591	9,807	141,777
Royal Oak--First of America Bank-Wayne Oakland	34,943	166,453	414,868	5,252	100,060	476,194	44,671	646,664

* Member Bank of the Federal Reserve System

** Includes Subordinated Notes and Debentures

STATE BANKS AS OF DECEMBER 31, 1986

(000's Omitted)

Location and Name of Bank	Cash and Due From Depository Institutions	Total Securities	Net Loans	Allowance for Loan Losses	Non-Interest Bearing Deposits	Interest Bearing Deposits	Total Capital**	Total Assets and/or Total Liabilities
Ruth--Ruth State Bank	392	16,263	7,865	335	1,284	23,528	3,037	28,128
Saginaw--NBD Saginaw	10,857	28,512	99,179	1,372	32,617	93,356	8,585	142,315
St. Charles--Community State Bank of St. Charles	3,022	13,947	29,551	465	3,019	45,177	4,270	53,550
St. Clair--The Commercial and Savings Bank of St. Clair County	7,084	54,894	79,092	863	19,797	115,543	14,743	152,519
St. Clair Shores--Manufacturers Bank of The Shores	42,982	7,492	30,134	392	11,684	69,153	4,935	87,367
*St. Clair Shores--Security Bank St. Clair Shores	11,103	28,112	43,688	600	16,259	69,905	5,828	92,788
St. Johns--Clinton Bank and Trust Company	6,015	63,234	61,879	766	20,345	112,787	11,497	147,384
*St. Johns--Old Kent Bank of St. Johns	2,062	26,225	33,691	437	9,401	52,115	5,279	68,283
St. Joseph--The Peoples State Bank of St. Joseph	16,113	21,895	110,790	1,092	18,909	125,586	11,013	160,304
Saline--Manufacturers Bank of Saline	26,861	13,526	64,782	613	14,210	79,766	6,391	109,397
Sandusky--NBD Sandusky Bank	5,384	45,550	56,791	1,036	10,101	94,809	7,155	113,355
*Sault Ste. Marie--Central Savings Bank	2,305	8,650	33,732	367	6,634	41,012	3,930	51,984
Sault Ste. Marie--Sault Savings Bank	2,250	25,394	58,463	388	10,469	71,790	7,981	92,037
Schoolcraft--Kalamazoo County State Bank	2,067	9,199	24,255	215	6,001	29,676	2,665	38,749
Scottville--State Savings Bank of Scottville	2,333	19,504	35,775	362	7,180	47,762	5,571	60,867
*Sebewaing--First of America Bank-Bay Area	4,063	7,076	19,929	287	4,213	28,596	2,529	35,723
Shelby--The Shelby State Bank	2,289	20,523	36,311	348	5,952	51,867	5,487	64,075
Shepherd--Comerica Bank-Central	9,578	745	9,615	103	3,370	19,540	1,721	25,060
Sidney--Sidney State Bank	1,507	8,810	14,657	146	2,946	21,128	2,934	27,255
*South Haven--Citizens Trust and Savings Bank	5,280	25,381	94,516	1,218	14,610	108,340	11,569	136,250
*South Haven--Old Kent Bank of South Haven	1,379	6,086	22,990	326	5,033	31,728	2,438	39,474
South Lyon--The State Savings Bank of South Lyon	4,878	12,038	20,411	686	8,597	30,297	2,570	42,031
South Range--South Range State Bank	2,173	4,359	11,469	190	1,936	16,490	1,402	19,992
*Southfield--Comerica Bank-Southfield	141,401	28,450	23,128	258	40,343	150,957	13,393	207,353
*Southgate--Security Bank and Trust Company	202,260	164,991	796,716	10,168	144,412	935,605	73,869	1,235,918
*Sparta--Sparta State Bank	3,686	26,879	40,261	490	9,050	56,066	7,428	74,551
Stambaugh--First of America Bank-Iron County	1,173	3,656	14,845	215	1,913	18,298	1,441	21,727
Standish--State Bank of Standish	8,078	23,542	67,880	611	7,126	92,392	9,895	110,066
Stanton--Chemical Bank Montcalm	5,011	30,513	31,615	606	8,688	55,775	7,202	72,570
Stephenson--Bank of Stephenson	1,690	25,230	25,030	201	3,169	43,972	5,490	53,693
Stockbridge--Stockbridge State Bank	10,850	12,954	10,297	133	10,684	23,399	2,988	37,416
*Sturgis--Bank One, Sturgis	6,227	56,916	47,469	721	13,733	94,705	11,908	126,526
Tecumseh--United Savings Bank of Tecumseh	14,840	37,025	88,353	798	18,147	117,593	11,436	150,505
Three Oaks--The Bank of Three Oaks	2,131	11,268	43,331	398	7,584	47,659	4,423	64,108
*Three Rivers--Old Kent Bank of Three Rivers	1,629	7,420	17,360	189	4,259	24,728	2,070	31,492
Traverse City--Old Kent Bank-Grand Traverse	108,961	19,312	203,426	2,959	73,282	230,694	20,205	340,770
Trenary--Trenary State Bank	431	2,432	6,625	77	1,075	9,883	995	12,181
Trenton--Old Kent Bank-Southeast	110,383	21,702	89,860	1,184	30,950	185,231	16,953	236,848
Trenton--Trenton Bank and Trust Company	11,810	39,483	59,361	1,091	17,444	103,215	7,915	130,194
*Troy--Comerica Bank-Troy	136,846	23,717	34,517	404	45,138	152,092	13,517	213,342
Troy--First of America Bank-Troy	7,102	16,904	29,062	391	15,364	37,414	4,246	60,742
*Troy--Liberty Bank-Oakland	5,107	18,445	52,554	501	21,903	48,535	5,984	77,908
Unionville--American Home Bank	2,329	10,288	20,460	594	3,761	31,406	2,240	37,609
*Warren--Warren Bank	12,303	173,858	56,742	772	28,699	217,493	22,582	284,557
*Wayne--Wayne Bank	13,333	16,034	51,376	776	20,547	56,446	7,853	88,148
*West Branch--NewCentury Bank-West Branch	11,661	14,282	37,580	621	6,284	52,909	4,873	66,215
White Cloud--The First State Bank, White Cloud, Michigan	1,638	2,585	27,726	158	3,155	26,272	3,461	33,172
*Williamston--Peoples State Bank	10,617	8,128	29,804	514	7,718	44,327	4,871	57,533
*Wyandotte--Wyandotte Savings Bank	93,931	129,762	129,509	1,647	40,604	295,661	30,638	372,355
*Ypsilanti--Ypsilanti Savings Bank	8,821	40,603	66,412	1,000	13,978	107,621	9,468	134,936
Zeeland--FMB-First Michigan Bank	27,442	96,280	298,337	3,751	56,493	342,633	28,409	468,480

* Member of the Federal Reserve System
** Includes Subordinated Notes and Debentures

NATIONAL BANKS AS OF DECEMBER 31, 1986

(000's Omitted)

Location and Name of Bank	Cash and Due From Depository Institutions	Total Securities	Net Loans	Allowance for Loan Losses	Non-Interest Bearing Deposits	Interest Bearing Deposits	Total Capital**	Total Assets and/or Total Liabilities
Alma--Commercial National Bank	5,507	19,498	64,931	1,700	14,853	83,171	7,168	105,941
Ann Arbor--Comerica Bank-Ann Arbor, National Association	62,510	10,102	103,748	1,329	41,784	132,179	10,898	187,044
Ann Arbor--Michigan National Bank-Ann Arbor	4,727	3,666	40,721	685	16,603	45,575	3,807	67,982
Ann Arbor--NBD Ann Arbor, N.A.	25,557	96,278	198,066	2,893	64,460	238,597	20,494	328,293
Bad Axe--First National Bank of Bad Axe	10,778	12,203	43,338	499	8,821	56,425	4,716	70,358
Bay City--NewCentury Bank-Bay City, National Association	56,972	99,428	196,873	4,002	37,629	283,869	25,155	367,062
Bay City--Second National Bank of Bay City	7,176	4,637	48,828	724	16,075	51,148	3,918	73,283
Benton Harbor--NBD F&M Bank, N.A.	13,471	66,401	119,416	1,582	30,729	153,538	13,466	205,028
Big Rapids--First National Bank and Trust	3,582	25,135	27,393	263	9,215	53,597	4,853	68,718
Calumet--First National Bank of Calumet-Lake Linden	9,832	6,488	5,535	107	4,129	15,914	1,731	22,210
Cassopolis--Michigan National Bank-Michiana	6,563	31,706	97,285	1,638	17,207	118,175	7,919	147,464
Cheboygan--Citizens National Bank of Cheboygan	7,810	28,007	62,847	580	12,280	87,369	8,349	109,089
Coldwater--Southern Michigan National Bank	6,520	35,412	73,808	1,168	15,927	93,920	11,112	122,550
Crystal Falls--First National Bank of Crystal Falls	10,074	7,234	23,567	201	3,283	35,283	3,362	42,190
Dearborn--Michigan National Bank-South Metro	9,299	61,151	164,896	1,880	40,873	192,129	16,739	258,069
Dearborn--NBD Dearborn Bank, N.A.	7,765	30,417	29,255	472	21,109	48,004	3,924	73,527
Detroit--First Independence National Bank of Detroit	5,165	38,116	20,532	454	23,832	41,379	4,884	78,728
Detroit--First of America Bank-Detroit, N.A.	138,684	144,045	738,785	17,568	254,664	672,090	67,106	1,094,826
Detroit--Manufacturers National Bank of Detroit	1,695,162	829,382	4,164,225	53,482	1,524,231	3,713,464	391,644	7,062,836
Detroit--Michigan National Bank of Detroit	177,717	325,416	1,684,824	19,502	432,212	1,449,379	135,182	2,308,939
Detroit--National Bank of Detroit	2,797,670	3,598,143	7,503,117	91,452	2,910,966	6,803,353	891,971	14,833,054
East Lansing--First National Bank of Michigan	13,530	11,001	38,584	550	5,939	51,284	5,409	65,974
Escanaba--First National Bank and Trust Company	5,334	15,692	69,344	1,030	11,327	81,006	7,560	101,120
Evart--NBD Evart Bank, N.A.	2,788	12,991	15,578	235	2,925	27,723	2,516	34,100
Farmington Hills--Metropolitan National Bank of Farmington	18,587	1,136	17,879	281	10,383	26,764	2,821	40,217
Farmington Hills--Michigan National Bank-Farmington	3,189	1,787	32,341	332	10,960	41,475	3,191	58,323
Fenton--First National Bank of Fenton	2,636	17,081	56,239	625	7,413	66,305	5,277	79,763
Flint--Michigan National Bank-Mid Michigan	18,788	57,515	263,830	3,090	47,823	245,049	23,245	353,682
Frankfort--Benzie National Bank	2,357	37	6,875	53	965	9,299	703	11,017
Gaylord--First National Bank of Gaylord	2,306	5,745	18,366	164	2,596	25,447	1,964	30,443
Gladstone--First National Bank in Gladstone	4,021	4,782	13,393	113	2,533	20,369	1,941	25,011
Grand Rapids--Comerica Bank-Grand Rapids National Association	27,751	2,798	16,269	227	16,340	40,992	3,545	61,273
Grand Rapids--First of America Bank-Grand Rapids, N.A.	4,604	6,908	26,305	382	9,200	29,804	2,396	42,740
Grand Rapids--FMB-First Michigan Bank-Grand Rapids, National Association	8,399	22,618	48,728	529	13,543	55,545	4,448	82,741
Grand Rapids--Union Bank and Trust Company, N.A.	100,766	198,692	520,615	6,546	185,043	606,558	57,840	886,613
Grandville--NBD Grand Valley Bank, N.A.	9,049	14,823	85,484	1,140	27,207	78,768	6,472	113,318
Grosse Pointe--Comerica Bank-Grosse Pointe, N.A.	40,380	1,109	5,087	55	5,584	44,788	3,367	54,445
Hancock--The Superior National Bank and Trust Company of Hancock	6,223	19,857	36,340	325	10,322	49,777	5,126	65,742
Hastings--National Bank of Hastings	2,975	10,240	11,236	114	5,281	19,010	3,155	27,739
Hermansville--The First National Bank of Hermansville	1,782	3,444	12,961	269	1,879	18,052	1,392	21,408
Hillsdale--Hillsdale County National Bank	4,262	33,729	49,661	651	9,757	71,976	9,207	91,546
Holland--First of America Bank-Holland, N.A.	6,928	34,357	67,208	781	9,981	84,818	7,885	111,409
Houghton--Houghton National Bank	4,173	14,789	23,082	184	7,780	35,503	4,287	47,933
Howell--First National Bank in Howell	7,647	30,158	55,663	576	18,478	72,047	6,177	97,810
Ionia--The Ionia County National Bank of Ionia	3,475	19,998	55,987	573	8,215	74,015	6,727	89,738
Iron Mountain--Commercial National Bank & Trust Co.	3,795	8,483	41,003	176	11,817	51,951	7,052	72,436
Iron Mountain--The First National Bank of Iron Mountain	4,662	26,664	47,101	271	13,879	61,360	8,109	86,970
Iron River--The Iron River National Bank	2,985	7,977	24,841	293	4,382	35,902	2,579	43,188

**Includes Subordinated Notes and Debentures

NATIONAL BANKS AS OF DECEMBER 31, 1986

(000's Omitted)

Location and Name of Bank	Cash and Due From Depository Institutions	Total Securities	Net Loans	Allowance for Loan Losses	Non-Interest Bearing Deposits	Interest Bearing Deposits	Total Capital**	Total Assets and/or Total Liabilities
Ironwood--First National Bank of Ironwood......	5,356	16,051	34,739	559	5,245	60,475	4,453	70,758
Ironwood--First of America Bank-Gogebic, N.A...	4,157	32,399	32,273	421	7,577	56,703	9,023	75,702
Ishpeming--The Miners' First National Bank & Trust Company of Ishpeming.................	3,984	13,479	38,803	468	5,222	57,099	5,784	68,996
Jackson--City Bank and Trust Company, N.A......	20,096	193,461	112,328	1,479	59,570	266,139	35,457	365,358
Jackson--Comerica Bank-Jackson, N.A............	133,708	33,544	154,819	1,749	88,912	249,175	23,287	365,190
Kalamazoo--First of America Bank-Michigan, N.A..............................	58,678	226,141	529,460	6,376	154,491	573,785	58,295	875,751
Kalamazoo--Michigan National Bank-West.........	3,469	8,648	51,650	693	11,876	56,916	4,563	76,783
L'Anse--Commercial National Bank of L'Anse.....	7,514	12,197	14,452	152	5,648	28,345	2,407	36,634
Lansing--Capitol National Bank.................	2,147	6,899	21,189	206	5,281	24,809	2,851	33,308
Lansing--Comerica Bank-Lansing, N.A............	1,402	60	667	15	3,657	4,370	1,663	9,787
Lansing--Michigan National Bank................	186,712	277,227	1,244,371	32,620	313,306	1,136,195	108,209	1,773,322
Lansing--Old Kent Bank of Lansing, N.A.........	9,496	344	17,165	239	7,119	18,541	1,823	27,638
Lapeer--NewCentury Bank-Lapeer, N.A............	8,388	14,600	56,407	2,111	14,288	70,023	5,228	92,941
Livonia--Michigan National Bank-West Metro.....	21,895	80,846	238,165	2,484	70,422	272,660	23,996	384,979
Ludington--First of America Bank-Ludington, N.A............................	3,327	17,194	40,426	514	8,520	49,071	4,121	62,825
Madison Heights--The Madison National Bank.....	10,063	7,938	30,961	342	12,601	37,384	3,899	54,430
Manistee--Security National Bank of Manistee...	8,015	30,653	53,283	458	10,053	78,740	8,687	98,353
Manistique--The First National Bank at Manistique................................	2,567	14,913	30,597	301	5,382	41,228	5,599	52,837
Marquette--The First National Bank & Trust Company of Marquette......................	14,580	10,428	130,599	1,599	26,252	153,635	14,999	197,517
Marquette--First of America Bank-Marquette, N.A............................	4,156	10,983	41,792	593	8,949	44,950	4,319	60,293
Mason--The Dart National Bank of Mason.........	9,423	25,081	42,712	450	11,174	69,391	5,676	87,264
Menominee--First National Bank and Trust of Menominee..............................	3,467	13,201	34,894	416	7,770	50,953	4,601	64,037
Midland--Michigan National Bank-Valley.........	33,077	16,152	123,370	1,190	22,593	133,780	13,888	195,877
Mount Clemens--First National Bank in Mount Clemens.............................	18,543	85,859	151,379	1,612	56,765	196,451	17,649	275,990
Munising--First of America Bank-Alger, N.A.....	1,384	5,207	12,411	163	1,643	17,317	1,436	20,636
Muskegon--Comerica Bank-Hackley, N.A...........	167,510	34,138	92,484	1,191	40,789	254,633	19,549	322,123
Negaunee--The First National Bank of Negaunee..	6,635	28,555	21,802	191	4,799	47,082	5,269	59,106
Norway--The First National Bank of Norway......	1,101	15,207	16,895	166	4,164	26,628	3,508	34,522
Novi--Comerica Bank-Metro West, N.A............	$2,656	2,042	12,059	144	12,444	57,592	4,432	75,443
Novi--Michigan National Bank-West Oakland......	4,824	2,130	60,447	822	15,338	72,418	6,240	96,919
Ontonagon--The First National Bank in Ontonagon................................	975	2,205	9,605	72	1,484	14,661	1,328	18,236
Petoskey--First National Bank and Trust Company..................................	8,137	49,382	79,159	1,002	17,846	116,040	9,790	145,908
Petoskey--First of America Bank-Petoskey National Association......................	1,902	6,075	19,199	244	4,167	23,336	1,921	29,502
Pigeon--Thumb National Bank and Trust Company..	3,407	15,105	56,869	467	5,150	72,417	5,603	84,055
Plymouth--First of America Bank-Plymouth, N.A..	5,106	18,591	45,765	601	18,880	54,999	4,883	79,294
Pontiac--First of America Bank-Oakland Macomb, National Association......................	46,109	231,777	288,511	3,880	99,160	437,871	44,943	604,215
Quincy--First of America Bank-South Central, N.A..	3,169	14,311	39,100	583	6,559	48,301	4,177	59,633
Rochester--First of America Bank-Rochester, N.A..	5,827	11,624	44,138	559	14,140	44,187	4,225	62,995
Rogers City--Huron National Bank...............	623	1,543	8,686	186	1,153	11,167	808	13,178
Royal Oak--National Bank of Royal Oak..........	5,331	30,825	52,531	523	17,322	72,152	7,261	97,333
Saginaw--Second National Bank of Saginaw.......	52,277	162,056	355,341	4,652	85,534	443,304	49,455	606,560
St. Ignace--The First National Bank of St. Ignace................................	2,654	16,785	32,639	350	9,250	42,576	5,230	57,668
Sault Ste. Marie--First of America Bank-Sault Ste. Marie, N.A......................	6,758	13,380	30,362	408	7,085	43,342	3,819	54,768
Southfield--Manufacturers Bank of Southfield, N.A..	90,932	38,225	80,170	1,261	54,998	141,737	15,236	219,255
Southfield--Michigan National Bank-Oakland.....	55,563	58,278	401,506	4,007	161,194	353,650	33,850	557,679
Sterling Heights--Comerica Bank-Metro East, N.A..	103,758	10,322	9,858	118	16,527	120,675	9,235	148,466

**Includes Subordinated Notes and Debentures

NATIONAL BANKS AS OF DECEMBER 31, 1986

(000's Omitted)

Location and Name of Bank	Cash and Due From Depository Institutions	Total Securities	Net Loans	Allowance for Loan Losses	Non-Interest Bearing Deposits	Interest Bearing Deposits	Total Capital**	Total Assets and/or Total Liabilities
Sterling Heights--Michigan National Bank-Sterling	6,318	3,256	68,222	683	16,481	68,459	5,779	94,908
Sturgis--First National Bank & Trust Company	17,587	30,884	37,621	460	12,009	65,601	6,760	90,318
Taylor--Charter National Bank	15,151	49,658	62,584	712	21,215	107,891	9,729	140,817
Three Rivers--The First National Bank of Three Rivers	3,550	34,308	30,728	280	11,776	51,464	6,005	71,468
Traverse City--First of America Bank-Grand Traverse, National Association	5,462	10,885	46,516	581	11,749	45,680	3,862	64,386
Traverse City--The Empire National Bank of Traverse City	12,008	40,403	134,143	1,475	31,487	150,218	13,163	198,762
Traverse City--NBD Northwest Bank, N.A.	8,462	52,267	62,093	1,094	17,460	100,036	10,312	128,585
Troy--Michigan National Bank-North Metro	35,648	43,821	315,183	3,168	111,144	301,380	27,590	458,012
Troy--NBD Troy Bank, N.A.	9,688	41,693	32,856	472	26,088	55,132	5,432	87,490
Wakefield--The First National Bank of Wakefield	1,304	8,016	12,489	108	2,399	18,712	1,787	23,132
Warren--Comerica Bank-Warren, N.A.	256,454	29,196	48,751	638	[illegible]	292,772	22,150	359,776
Warren--Michigan National Bank of Macomb	15,502	29,640	160,636	1,616	41,256	171,584	14,259	232,247
West Branch--Comerica Bank-West Branch, N.A.	10,891	540	2,790	40	1,416	11,986	915	14,536
Wyoming--Michigan National Bank-Central	47,465	37,287	228,812	2,622	69,685	266,360	19,871	374,229
Ypsilanti--The National Bank of Ypsilanti	17,490	26,981	45,980	535	16,740	81,656	7,453	107,418

**Includes Subordinated Notes and Debentures

CORPORATE REGULATORY SERVICES DIVISION

In 1986, to more accurately define the Division's areas of responsibility, the Division's name was changed from the Corporate Division to the Corporate Regulatory Services Division. Currently, the Division performs two distinct functions: examining and supervising state-chartered savings and loan associations and processing corporate applications involving banks, savings and loan associations, and credit unions.

Corporate Activities Program

Significant increases in the volume of intrastate and interstate corporate applications led to a reassignment of personnel. A corporate analyst and a corporate specialist were assigned to domestic activities such as processing de novo bank applications, trust services agreements, branch applications, and commenting on changes in control. Personnel also were assigned to activities such as interstate branching, interstate holding company acquisitions, and to the development of a foreign bank agency program.

The number of intrastate consolidation and conversion applications increased by 73% and 600%, respectively, while the number of branch and extension office applications were stable. In 1986, there were applications for branch relocations (3), main office relocations (2), de novo bank (1), credit union applications (1), safe and collateral deposit company organization (1), section 172 designations (12), and authorization of trust powers (2).

The Bureau acted upon 10 interstate applications. These applications involved the acquisitions of five Michigan banks by organizations headquartered in Ohio, acquisitions of three banks in Indiana and six banks in Illinois by Michigan-based bank holding companies, and formation of a new bank in South Dakota by a Michigan bank holding company. Because the Bureau is required to act on all interstate applications, it has attempted to enter into agreements with federal and other state regulators for the sharing of confidential information. At year-end, agreements had been entered into with the states of Indiana, Illinois and Ohio. In early 1987, the Bureau entered into agreements with the Federal Deposit Insurance Corporation (Columbus), Federal Home Loan Bank of Indianapolis, Federal Reserve Bank of Chicago, Federal Reserve Bank of Minneapolis, and the Chicago Office of the Comptroller of the Currency.

Act No. 250 of the Public Acts of 1984 authorized the establishment and operation of foreign bank agencies in Michigan. Currently, Lloyd's Bank, Plc, of London, England is the only bank operating a foreign agency office. The Bureau has embarked upon a program to generate greater interest in Michigan as a possible site for the location of foreign banks. The program prompted the creation of a foreign banking advisory committee composed of representatives of the public and private sectors. The program also caused the development of a promotional package which extolled the benefits of locating in Michigan, and the drafting of four foreign bank advisory bulletins which clarified the Bureau's position on certain operational issues of interest to foreign banks. In addition, Bureau personnel met with major Japanese banks and a Department of Commerce representative contacted several major European banks regarding locating in Michigan.

Savings and Loan Program

State-chartered savings and loan associations are governed by the Savings and Loan Act of 1980, as amended, Act No. 307 of the Public Acts of 1980 (Act). The savings and loan program regulates and supervises state-chartered savings and loan associations in Michigan in accordance with the Act. The purpose of supervision is to ensure the safe and sound operation of all state-chartered associations, to enforce statutory compliance, protect the public interest, and maintain confidence in the system. Nine savings and loan associations are currently supervised by division personnel. Six of the nine associations have mutual charters and three are stock charters.

Examination

Periodic examinations are conducted jointly with the Federal Home Loan Bank Board whose agency, the Federal Savings and Loan Insurance Corporation, insures deposits of all state associations. An association's capital adequacy, quality of assets, managerial expertise, earning ability, and level of liquidity are evaluated during an examination. Seven examinations were conducted during 1986. Bank and Trust examiners have been used to examine trust and commercial lending activities and will be used in the future when the need arises. A study is underway to determine the merit of an independent state examination program that would use Bank and Trust personnel to conduct the examinations.

Savings and Loan Association Supervision

Declining interest rates eased the pressure on earnings, and spurred refinancing which helped the industry to better match the maturities of their assets and liabilities. The favorable operating climate also resulted in improved earnings and a decline in problem loans. The effect of the improved economic environment is illustrated in the table below which provides information pertaining to problem state-chartered associations over the last five years.

	Total S&Ls Supervised	Problem S&Ls Removed	Problem S&Ls Identified	Year-End S&Ls Problem
1982	21	0	3	4
1983	20	3	0	1
1984	20	0	1	2
1985	11	2	0	0
1986	9	0	0	0

The Bureau has been utilizing the CAMEL rating system as a supervisory tool for several years. CAMEL is an acronym that stands for Capital adequacy, Asset quality, Management, Earnings, and Liquidity. Each association receives a rating of 1 to 5 for each component with 1 signifying an excellent rating and 5 a significant problem. After evaluating each component a composite rating is assigned. A meeting is then held with the board of directors of associations receiving a composite 3, 4, or 5 rating. If necessary, memoranda of understanding (MOU) are entered into by the association and supervisor. The MOU is used to document the problem areas and the actions to be taken to resolve the problems.

Structural Activities

The trend to fewer state-chartered savings and loans continued as Iron Savings and Loan Association, Iron River, converted to a federal savings and loan association. Iron Federal Savings and Loan Association, Iron River, was subsequently acquired by D&N Savings Bank, FSB, Hancock. Family Federal Savings and Loan Association, Saginaw, was acquired by Heritage Federal Savings Bank, Taylor. These transactions reduced the number of institutions headquartered in Michigan from 52 to 50 but the number of branches serving Michigan increased from 582 to 591.

Another continuing trend involved conversions to federal savings banks: Sturgis Savings and Loan Association converted to Sturgis Federal Savings Bank, Sturgis; Dearborn Federal Savings and Loan Association to Dearborn Federal Savings Bank, Dearborn; U.S. Mutual Savings and Loan Association to Regency Savings Bank, FSB, Ann Arbor; United Savings and Loan Association to United Savings Bank, FSB, Farmington Hills; Detroit & Northern Savings, F.A., to D&N Savings Bank, FSB, Hancock; and Capitol Federal Savings and Loan Association to Capitol Federal Savings Bank, Lansing.

Mutual Home Federal Savings Bank, Grand Rapids, changed its name to Primebank Federal Savings Bank.

Two events which may signal incipient trends involve the filing by Colonial Savings Association, Green Bay, Wisconsin, of an application to establish a branch in Kingsford, Michigan, and the filing by MetroBanc Federal Savings Bank, Grand Rapids, of an application to convert to a state-chartered savings and loan association which will then convert to a national bank and be acquired by Comerica, Incorporated, a multi-bank holding company headquartered in Detroit.

Industry Trends

Nineteen eighty-six was a year of mixed results. Several institutions recorded historical earning highs while several realized below average earnings. However, overall financial indicators reflected positive performance. Comparative ratios are presented for 1985 and 1986. The data for 1985 are compiled from reports filed by all savings and loans and savings banks whereas 1985 data are compiled from the nine state-chartered associations.

Performance Ratios (%)	12-85	12-86
Regulatory Net Worth/Total Assets	3.55	5.54
Net Income/Gross Operating Income	5.14	8.95
Cost of Money/Average Savings and Borrowings (annualized)	9.12	7.75
Interest Income/Average Loans and Investments (annualized)	10.89	10.39
Slow Loans, Repossessions, and Loans to Facilitate/Total Assets	1.19	3.02
Net Income/Average Assets	0.54	1.06
Gross Operating Income/Average Assets	10.57	11.28
Net Income/Average Net Worth	15.83	18.18

Balance Sheet Ratios (%)		
Balloon and Adjustable Rate Mortgages/Total Mortgages	23.87	54.15
Cash and Investment Securities/Total Assets	18.48	14.55
Transaction Accounts/Total Deposits	3.50	4.80
Money Market Deposit Accounts/Total Deposits	13.83	18.97
Passbook Accounts/Total Deposits	10.14	7.31
Individual Retirement Accounts/Total Deposits	5.68	6.13
Fixed Maturity Deposits/Total Deposits	72.52	68.93
Variable Rate Deposits/Total Deposits	0.60	0.27
Jumbo Deposits/Total Deposits	5.65	11.80

A 1986 consolidated financial statement for Michigan's state-chartered savings and loan associations revealed increases in all major balance sheet categories. Mortgages increased $89.4 million, an increase of 19.6%. Non-mortgage loans grew $1.1 million or 3.3%. Assets grew 18.4%, while deposits increased 13.5%, borrowings 58.6% and net worth 29.3%.

Legislation and Regulation

The Federal Home Loan Bank Board issued new regulations or revised existing positions in the following areas: investment in service corporations; financing subsidiaries; brokerage activities; currency reporting; appraisal guidelines; and regulatory capital. Also, Michigan's Attorney General issued opinion No. 6421 on February 5, 1987. The opinion held that Michigan savings and loan associations can ". . .purchase an existing savings and loan branch office or establish de novo or a branch office in Michigan provided that the laws of the state in which the foreign association is organized permit Michigan savings and loan associations to transact business to the same extent." The opinion also concluded that interstate mergers and acquisitions were not authorized.

Note

Absent additional disclosures and clarifications, the savings and loan associations' statistical information contained in the following pages would be misleading or present a distorted picture. Therefore, the reader should be aware of these considerations:

1. The "Percentage Increase (Decrease)" figures presented in the Consolidated Balance Sheets, Statements of Operation, and Comparative Asset Total Schedule reflect the aggregates at year-end and have not been adjusted for conversions, mergers, etc. The totals for each year are derived from varying institution populations and consequently, are not useful for making comparative analyses.

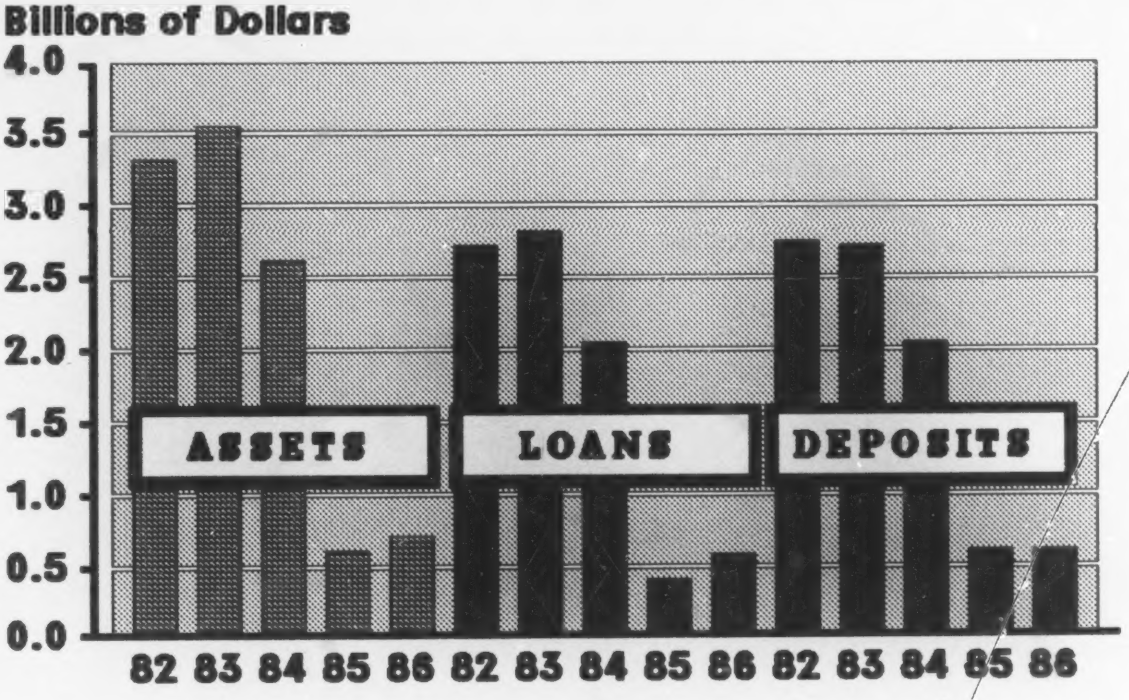
2. "Undivided Profits and Reserves" listed in the liabilities and net worth portion of the Reports of Condition for State and Federal Associations includes such items as subordinated debt, appraised equity capital, net worth certificates, accrued net worth certificates, and income capital certificates.

3. "Total Assets", as reported in the Reports of Condition for Federal Associations, includes non-Michigan assets. First Federal of Michigan, Detroit, has offices in Virginia and South Carolina and Standard Federal Bank, Troy, has offices in Indiana.

4. Branch information excludes non-Michigan offices.

5. New charters are issued at conversion, but these new charters are not included in the Charter Applications Table, as that is restricted to newly insured institutions.

COMPARATIVE CHART OF ASSETS, LOANS AND DEPOSITS OF STATE SAVINGS AND LOAN ASSOCIATIONS IN MICHIGAN



CONSOLIDATED BALANCE SHEET OF STATE SAVINGS AND LOAN ASSOCIATIONS
(000's Omitted)

ASSETS	11 Associations December 31, 1985	9 Associations December 31, 1986	Percent Increase (Decrease)
Mortgage Loans and Contracts	$455,453	$544,896	19.6%
Other Loans	31,978	33,044	3.3
Real Estate Owned and in Judgment	4,443	4,414	(0.65)
Real Estate for Development	249	1,049	321.3
Cash and Investment Securities	92,636	104,376	12.7
Office Buildings and Equipment (Net)	8,423	10,254	21.7
Investment in Service Corporations	737	1,585	115.1
Other Assets	12,002	17,559	46.4
Total Assets	$605,921	$717,177	18.4
LIABILITIES AND NET WORTH			
Time Deposits	$367,584	$415,757	13.1
Passbook and Transaction Deposits	164,476	188,224	14.4
Total Deposits	$532,060	$603,981	13.5
Borrowed Money	25,443	40,349	58.6
Other Liabilities	17,727	33,177	87.2
Total Liabilities	$575,230	$677,507	17.4
General Reserves and Undivided Profits	$ 21,536	$ 25,273	17.4
Net Worth Certificates	-	-	-
Capital Stock	6,662	10,412	56.3
Capital in Excess of Par	2,493	3,985	59.8
Total Net Worth	$ 30,691	$ 39,670	29.3
Total Liabilities and Net Worth	$605,921	$717,177	18.4

CONSOLIDATED STATEMENT OF OPERATIONS OF STATE SAVINGS AND LOAN ASSOCIATIONS

(000's Omitted)

	1985	1986	Percent Increase (Decrease)
INCOME			
OPERATING INCOME			
Interest on:			
Mortgage Loans and Contracts	$50,706	$54,494	7.5%
Other Loans	3,623	3,764	3.9
Investments and Deposits	8,047	6,837	(15.0)
Total Interest	$62,376	$65,095	4.4
Loan Fees and Charges	1,230	2,636	114.3
Other Operating Income	1,323	2,375	79.5
Total Operating Income	$64,929	$70,106	8.0
NON-OPERATING INCOME			
Other Non-Operating Income	1,305	2,693	106.4
Total Non-Operating Income	$ 1,305	$ 2,693	106.4
Total Income	$66,234	$72,799	9.9
EXPENSE			
OPERATING EXPENSE			
Salaries, Wages, Fees, Benefits	$ 5,934	$ 7,787	31.2
Directors, Officers and Employees Expense Accounts	191	257	34.5
Office Occupancy, Furniture and Fixtures Expense	2,331	3,066	31.5
Advertising	679	916	34.9
Other Operating Expense	4,245	6,478	52.6
Total Operating Expense	$ 13,380	$18,504	38.3
COST OF MONEY			
Interest on Deposits	$42,515	$40,693	(4.3)
Interest on Borrowed Money	2,171	3,288	51.5
Total Cost of Money	$44,686	$43,981	(1.6)
NON-OPERATING EXPENSE			
Income Taxes	$ 1,876	$ 2,340	24.7
Total Income Tax	$ 1,876	$ 2,340	24.7
Other Non-Operating Expense	1,721	1,701	(1.2)
Total Non-Operating Expense	$ 3,597	$ 4,041	12.3
Total Expense	$61,663	$66,526	7.8
NET INCOME	$ 4,571	$ 6,273	37.2

CONSOLIDATED BALANCE SHEET OF FEDERAL SAVINGS AND LOAN ASSOCIATIONS
(000's Omitted)

	41 Associations December 31, 1985	41 Associations December 31, 1986	Percent Increase (Decrease)
ASSETS			
Mortgage Loans and Contracts	$21,690,781	$23,768,607	9.6%
Other Loans	1,632,267	1,773,134	8.6
Real Estate Owned and in Judgment	99,851	80,599	(19.3)
Real Estate for Development	30,811	31,953	3.7
Cash and Investment Securities	5,763,837	5,968,583	3.6
Office Buildings and Equipment (Net)	324,966	339,595	4.5
Investment in Service Corporations	130,791	136,098	4.1
Other Assets	1,397,818	1,360,376	(2.7)
Total Assets	$31,071,122	$33,458,945	7.7
LIABILITIES AND NET WORTH			
Time Deposits	$14,224,046	$13,616,411	(3.0)
Passbook and Transaction Deposits	5,402,022	6,590,344	15.2
Total Deposits	19,626,068	20,206,755	9.9
Borrowed Money	9,718,652	11,194,837	15.2
Other Liabilities	634,096	691,431	9.0
Total Liabilities	$29,978,816	$32,093,023	7.1
General Reserves and Undivided Profits	$ 892,985	$ 1,164,777	30.4
Net Worth Certificates	4,250	1,725	(59.4)
Capital Stock	9,049	11,040	22.0
Capital in Excess of Par	186,022	188,380	1.3
Total Net Worth	$ 1,092,306	$ 1,365,922	25.0
Total Liabilities and Net Worth	$31,071,122	$33,458,945	7.7

CONSOLIDATED STATEMENT OF OPERATIONS OF FEDERAL SAVINGS AND LOAN ASSOCIATIONS

(000's) Omitted)

	1985	1986	Percent Increase (Decrease)
INCOME			
OPERATING INCOME			
Interest on:			
Mortgage Loans and Contracts	$2,263,707	$2,551,991	12.7%
Other Loans	150,507	199,288	32.4
Investments and Deposits	513,721	456,248	(11.2)
Total Interest	$2,927,935	$3,307,527	13.0
Loan Fees and Charges	31,134	8,287	(73.4)
Other Operating Income	62,896	121,311	92.9
Total Operating Income	$3,021,965	$3,328,838	10.2
NON-OPERATING INCOME			
Total Non-Operating Income	$ 172,957	$ 309,790	79.1
Total Income	$3,194,922	$3,638,628	13.9
EXPENSE			
OPERATING EXPENSE			
Salaries, Wages, Fees and Benefits	$ 177,308	$ 207,298	16.9
Directors, Officers and Employees Expense Accounts	3,629	4,588	26.4
Office Occupancy, Furniture, Fixtures and Equipment Expense	73,146	82,519	12.8
Advertising	15,988	15,995	0.0
Other Operating Expense	157,084	174,670	11.2
Total Operating Expense	$ 427,155	$ 485,070	13.6
COST OF MONEY			
Interest on Deposits	$1,740,301	$1,545,426	(11.2)
Interest on Borrowed Money	757,055	1,010,532	33.5
Total Cost of Money	$2,497,356	$2,555,958	2.3
NON-OPERATING EXPENSE			
Income Taxes	48,217	127,274	164.0
Other Non-Operating Expense	68,305	119,933	75.6
Total Non-Operating Expense	$ 116,522	$ 247,207	112.1
Total Expense	$3,041,043	$3,288,235	8.1
NET INCOME	$ 153,889	$ 208,928	35.8

REPORTS OF CONDITION - DECEMBER 31, 1986
STATE SAVINGS AND LOAN ASSOCIATIONS
ASSETS
(000's Omitted)

Name and Location of Association	Cash and Securities	Mortgage Loans & Contracts	Other Loans	Fixed Assets And Real Estate	Other Assets	Total Assets
Hastings Savings and Loan Association, Hastings............	$ 6,267	$ 35,368	$ 274	$ 881	$ 534	$ 43,324
Marshall Savings and Loan Association, Marshall............	4,084	26,410	3,517	550	337	34,898
New Buffalo Savings and Loan Association, New Buffalo.........	2,132	36,953	2,884	1,118	344	43,431
Sterling Savings and Loan Association, Royal Oak...........	11,903	38,451	3,112	3,139	8,907	65,512
Macomb Savings and Loan Association, St. Clair Shores....	12,050	13,102	73	74	446	25,745
Franklin Savings and Loan Association, Southfield..........	14,846	219,146	11,647	3,138	4,155	252,932
Three Rivers Savings and Loan Association, Three Rivers.........	34,064	47,739	2,461	2,301	1,808	88,373
Northwestern Savings and Loan Association, Traverse City.......	11,406	75,054	7,769	3,656	1,089	98,974
First Savings Association of Ypsilanti, Ypsilanti.............	7,624	52,673	1,307	860	1,524	63,988
TOTALS - 9 ASSOCIATIONS........	$104,376	$544,896	$33,044	$15,717	$19,144	$717,177

REPORTS OF CONDITION - DECEMBER 31, 1986
STATE SAVINGS AND LOAN ASSOCIATIONS
LIABILITIES AND NET WORTH
(000's Omitted)

Name and Location of Association	Passbook And Transaction Deposits	Time Deposits	Borrowed Money	Other Liabilities	Common Stock	Capital In Excess Of Par	Undivided Profits And Reserves
Hastings Savings and Loan Association, Hastings..........	$ 11,678	$ 27,472	$ 58	$ 143	$ -	$ -	$ 3,973
Marshall Savings and Loan Association, Marshall..........	8,822	23,331	432	221	-	-	2,092
New Buffalo Savings and Loan Association, New Buffalo.......	11,839	28,419	430	395	-	-	2,348
Sterling Savings and Loan Association, Royal Oak.........	10,621	25,788	8,068	17,035	2,632	1,221	147
Macomb Savings and Loan Association, St. Clair Shores..	5,195	17,811	-	708	-	-	2,031
Franklin Savings and Loan Association, Southfield........	76,305	151,451	10,600	3,173	7,580	2,165	1,658
Three Rivers Savings and Loan Association, Three Rivers......	24,262	58,633	69	865	-	-	4,544
Northwestern Savings and Loan Association, Traverse City.....	26,049	59,133	6,192	1,620	200	599	5,181
First Savings Association of Ypsilanti, Ypsilanti...........	13,453	23,719	14,500	9,017	-	-	3,299
TOTALS - 9 ASSOCIATIONS	$188,224	$415,757	$40,349	$33,177	$10,412	$3,985	$25,273

REPORTS OF CONDITION - DECEMBER 31, 1986
FEDERAL SAVINGS AND LOAN ASSOCIATIONS
ASSETS
(000's Omitted)

Name and Location of Associations	Cash And Securities	Mortgage Loans And Contracts	Other Loans	Fixed Assets And Real Estate	Other Assets	Total Assets
First Federal Savings and Loan Association of Lenawee County, Adrian...........................	$ 31,401	$ 149,661	$ 1,758	$ 2,412	$ 1,869	$ 187,101
Homestead Savings and Loan, F.A. Albion...........................	6,067	17,754	423	1,145	376	25,765
First Federal Savings and Loan Association of Alpena, Alpena.....	9,183	54,194	1,228	1,526	1,123	67,254
Regency Savings Bank, FSB, Ann Arbor........................	9,495	178,751	1,043	12,641	10,630	212,560
Great Lakes Federal Savings and Loan Association, Ann Arbor.......	198,412	1,907,261	394,246	32,740	159,135	2,691,794
Mutual Savings and Loan Association, F.A., Bay City.............	210,109	858,844	51,435	17,696	30,330	1,168,414
Bloomfield Savings & Loan Association, F.A., Birmingham...........	36,387	427,183	66,728	13,249	66,275	609,822
LaSalle Federal Savings and Loan Association of Buchanan...........	20,553	78,932	621	1,467	3,408	104,981
Eaton Federal Savings and Loan Association, Charlotte............	20,413	68,789	2,112	2,586	827	94,727
Branch County Federal Savings and Loan Association, Coldwater.......	14,356	48,205	2,006	1,426	1,014	67,007
Dearborn Federal Savings Bank, Dearborn..........................	26,958	145,514	2,366	3,138	2,336	180,312
First Dearborn, F.A., Dearborn.....	38,905	120,364	3,274	28,989	35,670	227,202
Detroit Federal Savings and Loan Association, Detroit..............	11,134	104,300	13,717	3,847	7,079	140,077
First Federal of Michigan, Detroit...........................	2,535,250	7,762,734	252,401	77,518	290,425	10,918,328
Home Federal Savings Bank, Detroit.	5,108	15,954	856	651	636	23,205
Northern Michigan Savings Bank, FSB, Escanaba......................	36,514	23,854	11,192	2,174	112	73,846
United Savings Bank, FSB Farmington Hills..................	6,700	52,872	1,004	689	1,872	63,137
MetroBanc, Federal Savings Bank, Grand Rapids......................	43,154	277,301	7,068	2,411	2,875	332,809
Primebank Federal Savings Bank Grand Rapids......................	58,491	232,234	58,866	6,754	4,365	360,710
West Side Federal Savings and Loan Association of Grand Rapids.......	14,005	61,540	0	309	774	76,628
D&N Savings Bank, FSB, Hancock...........................	100,349	1,334,719	33,482	21,130	131,243	1,620,923
Ottawa Savings and Loan, F.A. Holland...........................	42,124	150,979	3,965	2,472	2,820	202,360
First Federal Savings and Loan Association of Livingston County, Howell...........................	53,920	93,554	12,177	2,270	2,499	164,420
Security Savings Bank, FSB, Jackson...........................	52,705	155,139	41,419	3,044	15,298	267,605

REPORTS OF CONDITION - DECEMBER 31, 1986
FEDERAL SAVINGS AND LOAN ASSOCIATIONS
ASSETS

(000's Omitted)

Name and Location of Associations	Cash And Securities	Mortgage Loans And Contracts	Other Loans	Fixed Assets And Real Estate	Other Assets	Total Assets
Fidelity Federal Savings and Loan Association of Kalamazoo.........	$ 33,622	$ 148,413	$ 4,548	$ 4,530	$ 8,814	$ 199,927
First Federal Savings and Loan Association of Kalamazoo..........	124,772	528,636	30,063	11,553	6,504	701,528
Capitol Federal Savings Bank Lansing...........................	85,013	424,455	6,781	7,352	12,371	535,972
Union Federal Savings, Lansing.....	23,980	102,279	15,430	2,396	7,581	151,666
Ludington Federal Savings and Loan Association, Ludington............	12,021	16,587	256	484	417	29,765
Wolverine Federal Savings and Loan Association, Midland..............	15,840	77,138	3,627	1,663	2,103	100,371
Peoples Savings Bank, FSB, Monroe..	111,846	147,912	75,204	4,599	7,206	346,767
Colonial Central Savings Bank, FSB, Mount Clemens................	16,599	279,728	18,385	7,432	16,527	338,671
Muskegon Federal Savings and Loan Association, Muskegon.............	17,343	178,824	9,850	8,881	2,793	217,691
First Federal Savings Bank & Trust, Pontiac....................	98,466	944,173	141,253	29,435	77,908	1,291,235
Citizens Federal Savings and Loan Association of Port Huron.........	50,104	166,192	90,213	7,028	3,091	316,628
Peoples Savings Association, F.A., St. Joseph.......................	20,698	81,297	1,943	14,355	2,704	120,997
St. Joseph Savings and Loan Association, F.A., St. Joseph.....	59,194	67,290	26,748	1,945	6,139	161,316
Sturgis Federal Savings Bank Sturgis...........................	10,911	34,473	2,417	616	1,133	49,550
Heritage Federal Savings Bank, Taylor............................	141,103	694,872	9,204	24,900	46,568	916,647
Guaranty Federal Savings Bank Taylor............................	16,759	143,397	48,176	3,740	22,691	234,763
Standard Federal Bank, Troy........	1,548,619	5,412,309	325,649	78,954	498,933	7,864,464
41 Federal Associations.........	$5,968,583	$23,768,607	$1,773,134	$452,147	$1,496,474	$33,458,945

REPORTS OF CONDITION - DECEMBER 31, 1986
FEDERAL SAVINGS AND LOAN ASSOCIATIONS
LIABILITIES AND NET WORTH

(000's Omitted)

Name and Location of Association	Total Deposits	Borrowed Money	Other Liabilities	Common Stock	Capital In Excess Of Par	Undivided Profits And Reserves
First Federal Savings and Loan Association of Lenawee County, Adrian	$ 166,812	$ -0-	$ 2,372	$ -0-	$ -0-	$ 17,917
Homestead Savings and Loan, F.A., Albion	23,791	142	584	-0-	-0-	1,248
First Federal Savings and Loan Association of Alpena, Alpena	61,538	1,833	321	-0-	-0-	3,562
Regency Savings Bank, FSB, Ann Arbor	183,837	39,460	6,364	-0-	-0-	(17,101)
Great Lakes Federal Savings and Loan Association, Ann Arbor	1,692,595	812,822	40,808	39	35,896	109,634
Mutual Savings and Loan Association, F.A., Bay City	720,800	383,389	21,524	-0-	-0-	42,701
Bloomfield Savings & Loan Association, F.A., Birmingham	562,473	51,500	5,649	3,544	9,007	(22,351)
LaSalle Federal Savings and Loan Association of Buchanan	99,661	36	1,898	-0-	-0-	3,386
Eaton Federal Savings and Loan Association, Charlotte	84,573	-0-	2,571	-0-	-0-	7,583
Branch County Federal Savings and Loan Association, Coldwater	58,627	5,000	562	-0-	-0-	2,818
Dearborn Federal Savings Bank, Dearborn	145,658	21,350	5,793	-0-	-0-	7,511
First Dearborn, F.A., Dearborn	238,964	6,388	2,588	-0-	-0-	(20,738)
Detroit Federal Savings and Loan Association, Detroit	113,098	14,355	6,755	60	1,360	4,449
First Federal of Michigan, Detroit	4,751,324	5,506,176	203,784	109	80,680	376,255
Home Federal Savings Bank, Detroit	21,455	-0-	254	-0-	-0-	1,495
Northern Michigan Savings Bank, FSB, Escanaba	65,501	750	2,243	1,350	1,250	2,752
United Savings Bank, FSB, Farmington Hills	59,605	400	237	2,457	614	(176)
MetroBanc, Federal Savings Bank, Grand Rapids	300,349	7,492	3,857	1,907	6,534	12,670
Primebank Federal Savings Bank, Grand Rapids	327,842	7,118	11,132	980	4,149	9,489
West Side Federal Savings and Loan Association of Grand Rapids	71,166	-0-	211	-0-	-0-	5,251
D&N Savings Bank, FSB, Hancock	950,964	529,702	46,093	32	24,196	69,936
Ottawa Savings and Loan, F.A., Holland	178,640	9,036	2,724	-0-	-0-	11,960
First Federal Savings and Loan Association of Livingston County, Howell	154,342	3	5,009	-0-	-0-	5,066
Security Savings Bank, FSB, Jackson	181,049	69,036	5,450	533	3,635	7,902

REPORTS OF CONDITION - DECEMBER 31, 1986
FEDERAL SAVINGS AND LOAN ASSOCIATIONS
LIABILITIES AND NET WORTH

(000's Omitted)

Name and Location of Association	Total Deposits	Borrowed Money	Other Liabilities	Common Stock	Capital In Excess Of Par	Undivided Profits And Reserves
Fidelity Federal Savings and Loan Association of Kalamazoo..........	$ 189,583	$ -0-	$ 1,315	$ -0-	$ -0-	$ 9,029
First Federal Savings and Loan Association of Kalamazoo..........	495,720	150,773	10,503	18	14,814	29,700
Capitol Federal Savings Bank, Lansing..........................	447,712	60,405	5,126	-0-	-0-	22,729
Union Federal Savings, Lansing.....	138,819	-0-	3,935	-0-	-0-	8,912
Ludington Federal Savings and Loan Association, Ludington...........	28,189	-0-	162	-0-	-0-	1,414
Wolverine Federal Savings and Loan Association, Midland.............	89,267	4,500	1,008	-0-	-0-	5,596
Peoples Savings Bank, FSB, Monroe..	312,451	13,622	4,619	-0-	-0-	16,075
Colonial Central Savings Bank, FSB, Mount Clemens................	257,871	57,400	8,951	1	4,255	10,193
Muskegon Federal Savings and Loan Association, Muskegon............	210,372	8,112	2,842	-0-	-0-	(3,635)
First Federal Savings Bank & Trust, Pontiac..........................	810,693	411,620	31,767	-0-	-0-	37,155
Citizens Federal Savings and Loan Association of Port Huron.........	298,783	-0-	3,126	-0-	-0-	14,719
Peoples Savings Association, F.A., St. Joseph........................	117,565	-0-	764	-0-	-0-	2,668
St. Joseph Savings and Loan Association, F.A., St. Joseph,....	142,290	4,676	4,331	-0-	-0-	10,019
Sturgis Federal Savings Bank, Sturgis...........................	46,801	-0-	492	-0-	-0-	2,257
Heritage Federal Savings Bank, Taylor............................	756,208	91,461	28,149	-0-	-0-	40,829
Guaranty Federal Savings Bank, Taylor............................	199,430	26,907	1,429	10	1,990	4,997
Standard Federal Bank, Troy........	4,450,336	2,899,373	204,129	-0-	-0-	310,626
41 Federal Institutions..........	$20,206,755	$11,194,837	$691,431	$11,040	$188,380	$1,166,502

COMPARATIVE STATISTICAL DATA

STATE-CHARTERED SAVINGS AND LOAN ASSOCIATIONS

	12-31-82	12-31-83	12-31-84	12-31-85	12-31-86
Number of Associations	21	20	20	11	9
Number of branches	128	120	82	22	23
Number of savings accounts	538,453	475,363	313,560	71,313	65,631
Total savings accounts*	$2,732,720	$2,711,097	$2,063,177	$532,060	$603,981
Average savings account balance	$ 5,075	$ 5,704	$ 6,580	$ 7,461	$ 9,203
Total assets*	$3,266,177	$3,516,288	$2,610,134	$605,921	$717,177
Number of mortgage loans and contracts outstanding.	93,859	98,370	57,456	11,906	12,231
Number of new mortgage loans and contracts (year)..	3,580	11,715**	9,510	2,361	8,042
Amount of new mortgage loans and contracts (year)*.	$ 117,978	$ 691,221	$ 466,054	$ 166,173	$544,896
Ratio of mortgage loans & contracts to total assets	80.6%	78.6%	75.3%	75.2%	76.0%
Ratio of cash and securities to total savings	8.8%	14.0%	16.6%	17.4%	17.3%
Ratio of borrowed money to total assets	12.0%	17.2%	15.9%	4.2%	5.6%
Ratio of net income (year) to average assets (year)	0.11%	1.42%	0.33%	0.80%	0.96%
Total interest paid or credited to savers (year)*..	$ 289,183	$ 234,021	$ 178,295	$ 42,515	$ 40,693
Total net worth*	$ 90,195	$ 140,564	$ 90,077	$ 30,691	$ 39,670
Ratio of net worth to total assets	2.8%	4.0%	3.5%	5.1%	5.5%
Ratio of net worth to total savings	3.3%	5.2%	4.4%	5.8%	6.6%
Number of associations offering ATMs	0	2	3	1	1
Number of associations offering transaction accounts	19	19	19	9	8
Number of associations offering trust services	7	2	3	2	1

*000's Omitted

**Estimated

COMPARATIVE ASSET TOTALS AND ANNUAL ASSET INCREASE (DECREASE)

State-Chartered Savings and Loan Associations

1977-1986
(000's Omitted)

Year Ended	Total Assets	Annual Assets Increase or (Decrease)	
December 31, 1977	$3,352,130	$ 486,430	17.0%
December 31, 1978	$3,764,746	$ 412,616	12.3%
December 31, 1979	$4,115,281	$ 350,535	9.3%
December 31, 1980	$4,450,313	$ 335,032	8.1%
December 31, 1981	$4,190,972	($ 259,341)	(5.8%)
December 31, 1982	$3,266,177	($ 924,795)	(22.1%)
December 31, 1983	$3,516,288	$ 250,111)	7.7%
December 31, 1984	$2,610,134	($ 906,154)	(25.8%)
December 31, 1985	$ 605,921	($2,004,213)	(76.8%)
December 31, 1986	$ 717,177	$ 111,256	18.4%

STATE SAVINGS AND LOAN ASSOCIATIONS

	1982	1983	1984	1985	1986
Number of Savings and Loan Associations - January 1	26	21	20	20	11
Plus: Charters granted	1	1	2	1	0
Conversions - Federal to State	0	0	0	0	0
Less: Mergers	3	1	0	2	0
Conversions - State to Federal	3	1	2	0	2
Number of Savings and Loan Associations - December 31	21	20	20	11	9

CHARTER APPLICATIONS

	1982	1983	1984	1985	1986
Charters Approved - Mutual/Capital Stock					
State	0/2	0/3*	0/2	0/0	0/0
Federal	3/0	0/2	0/5	0/1	0/0
Charters Denied - Mutual/Capital Stock					
State	0/0	0/0	0/0	0/0	0/0
Federal	0/0	0/0	0/0	0/0	0/0
New Savings and Loan Associations Opened - Mutual/Capital Stock					
State	0/1	0/1	0/2	0/0	0/0
Federal	0/0	0/2	0/5	0/1	0/0

*Includes one phantom savings and loan association.

SAVINGS AND LOAN ASSOCIATIONS AND BRANCH OFFICES

	1982	1983	1984	1985	1986
Savings and Loan Associations - Mutual					
State	16	15	13	8	6
Federal	32	28	26	24	20
Federal Savings Banks	-	2	2	6	9
Branches - Mutual					
State	108	102	67	13	12
Federal	454	389	392	163	121
Federal Mutual Savings Banks	---	---	---	165	209
Savings and Loan Associations - Capital Stock					
State	5	5	7	3	3
Federal	0	2	4	6	4
Federal Savings Banks	-	-	1	5	8
Branches - Capital Stock					
State	20	18	15	8	11
Federal	0	90	169	204	167
Federal Savings Banks	---	---	---	29	71

MERGERS IN WHICH RESULTING INSTITUTION IS A STATE SAVINGS AND LOAN ASSOCIATION

	1982	1983	1984	1985	1986
Merger Applications	0	1	0	0	0
Mergers Approved	1	1	0	0	0
Mergers Denied	0	0	0	0	0
Mergers Completed	1	1	0	0	0

MERGERS IN WHICH RESULTING INSTITUTION IS A FEDERAL SAVINGS AND LOAN ASSOCIATION

	1982	1983	1984	1985	1986
Merger Applications	2	1	0	2	0
Mergers Approved	6	1	0	2	2
Mergers Denied	0	0	0	0	0
Mergers Completed	6	1	0	2	2

SAVINGS AND LOANS ASSOCIATION MERGERS

Date Effective	Name	City
Oct. 30, 86	Family Federal Savings and Loan Association	Saginaw
	Merged into Heritage Federal Bank	Taylor
Dec. 15, 86	Iron Federal Savings and Loan Association	Iron River
	Merged into D&N Savings Bank, FSB	Hancock

CONVERSIONS

	1982	1983	1984	1985	1986
State Mutual to State Stock	1	0	1	0	0
State Stock to State Mutual	0	0	0	0	0
State Charter to Federal Charter	3	1	2	8	2
Federal Charter to State Charter	0	0	0	0	0
Federal Mutual to Federal Stock	0	2	2	2	0
Federal Stock to Federal Mutual	0	0	0	0	0
Federal Association to Federal Savings Bank (Stock)	-	2	1	1	2
Federal Association to Federal Savings Bank (Mutual)	-	2	2	3	3
State Association to Federal Savings Bank (Mutual)	-	-	-	-	1

CONVERSIONS FROM STATE TO FEDERAL

Date Effective	City	From	To
Jul. 22, 86	Iron River	Iron Savings and Loan Association	Iron Federal Savings and Loan Association
Aug. 18, 86	Sturgis	Sturgis Savings and Loan Association	Sturgis Federal Savings Bank

CONVERSIONS FROM FEDERAL ASSOCIATIONS TO FEDERAL SAVINGS BANKS

Date Effective	City	From	To
Mar. 6, 86	Ann Arbor	U. S. M. Savings and Loan Association	Regency Savings Bank, FSB
Apr. 9, 86	Lansing	Capitol Federal Savings and Loan Association	Capitol Federal Savings Bank
Apr. 26, 86	Farmington Hills	United Savings and Loan Association, F.A.	United Savings Bank, FSB
Apr. 28, 86	Hancock	Detroit & Northern Savings, F.A.	D&N Savings Bank, FSB
Jul. 15, 86	Dearborn	Dearborn Federal Savings and Loan Association	Dearborn Federal Savings Bank

BRANCH APPLICATIONS

	1982	1983	1984	1985	1986
Branch Applications - Mutual/Capital Stock					
State	3/1	11/12	1/2	0/5	0/0
Federal	0/0	1/0	0/1	3/4	3/10
Branches Approved - Mutual/Capital Stock					
State	3/1	11/12	0/2	0/5	0/0
Federal	1/0	0/0	3/12	3/4	3/10
Branches Denied - Mutual/Capital Stock					
State	0/0	0/0	0/0	0/0	0/0
Federal	0/0	0/0	0/0	0/0	0/0
Branches Opened - Mutual/Capital Stock					
State	0/1	11/12	0/2	0/2	0/1
Federal	5/0	0/0	1/15	5/1	0/10

BRANCH OFFICES ESTABLISHED

Date Effective	Name	City-Main Office	Location of Branch
Feb. 20, 86	Standard Federal Bank	Troy	* 63 Kercheval Grosse Pointe Farms
May 7, 86	First Federal of Michigan	Detroit	324 East Street Rochester
June 16, 86	Colonial Central Savings Bank	Mount Clemens	30800 Van Dyke Warren
July 17, 86	Franklin Savings and Loan Association	Southfield	20247 Mack Avenue Grosse Pointe Woods
Aug. 18, 86	Mutual Savings and Loan Association, F.A.	Bay City	3360 Tittabawassee Road Saginaw
Aug. 20, 86	United Savings Bank, FSB	Farmington Hills	535 Griswold Detroit
Sept. 8, 86	D&N Savings Bank, FSB	Hancock	Copper Country Mall Houghton
Oct. 1, 86	D&N Savings Bank, FSB	Hancock	4111 N. Kent Mall Grand Rapids
Oct. 1, 86	D&N Savings Bank, FSB	Hancock	155 W. 28th Street Wyoming
Oct. 1, 86	D&N Savings Bank, FSB	Hancock	3175 Alpine Walker
Oct. 1, 86	D&N Savings Bank, FSB	Hancock	200 Chicago Dr. Jenison
Nov. 18, 86	Capitol Federal Savings Bank	Lansing	6333 W. St. Joseph Highway Lansing

*BRANCH PURCHASE

BRANCH OFFICES CLOSED

Date Effective	Name of Association	City-Main Office	Location of Branch
June 20, 86	Bloomfield Savings and Loan Association, F. A.	Birmingham	14729 Harper Avenue Detroit
Aug. 29, 86	Standard Federal Bank	Troy	112 N. Cass Street Berrien Springs
Sept. 5, 86	Bloomfield Savings and Loan Association, F. A.	Birmingham	37673 Five Mile Road Livonia

RELOCATION OF MAIN OFFICE

Date Effective	Name	From	To
Feb. 3, 86	Sterling Savings and Loan Association	2486 Walton Boulevard, Waterford Township, Oakland County	225 South Troy Royal Oak

CREDIT UNION DIVISION

Authority

The Credit Union Division regulates and supervises state-chartered credit unions under the authority of Act 285 of the Public Acts of 1925, as amended (the Credit Union Act). Credit unions are cooperative societies incorporated for the purpose of promoting thrift and creating a source of credit for their members. All Michigan credit union member share and deposit accounts, with the exception of those of Central Credit Union of Michigan, are insured up to $100,000 by the National Credit Union Administration (NCUA), an agency of the United States Government.

Examination

Annual examinations are the primary means by which the division monitors the operations and financial condition of all Michigan state-chartered credit unions. Other responsibilities include processing credit union mergers and responding to consumer complaints and inquiries involving credit unions.

During 1986, the division examined 390, or 84 percent, of all Michigan state-chartered credit unions. In addition to regular examinations, 113 on site follow-up contacts were conducted in credit unions where problems were detected during the regular examination.

Supervision

There were 81 state-chartered problem credit unions at the end of 1986, representing 17.4 percent of total state credit unions and 7.6 percent of total state credit union assets. At year end 1985, the 71 problem credit unions represented 15 percent of total state credit unions and 6.5 percent of total state credit union assets. Thirty-eight state credit unions had operational losses during 1985 and 1986, totaling $1,066,657 and $448,772 respectively. The losses in 1986 range from a low of $48 to a high of $434,845. Management weaknesses, earnings problems (primarily due to the lower rate of return on investments and the high cost of funds) and loan losses were the major reasons for the increase in the number of problem institutions.

When a credit union rated code 3, 4 or 5 has acknowledged its problems and has agreed to make the necessary corrections, a memorandum of understanding will be executed. This memorandum, signed by the Board of Directors and the Commissioner, describes in detail the corrective action and time schedule agreed to by the Board of Directors and the Bureau. During 1986, six memoranda of understanding were implemented, compared to 17 in 1985. Twenty-three memoranda were outstanding at year-end 1986. One cease and desist order was issued in 1986.

The table below presents information concerning problem credit unions over the last five years.

	Total Credit Unions Supervised	Problem Credit Unions Removed	Problem Credit Unions Identified	Year-end Problem Credit Unions*
1982	531	24	17	136
1983	516	47	10	99
1984	500	66	53	86
1985	480	59	44	71
1986	465	52	62	81

*Figures reflect implementation of CAMEL rating system; a problem credit union is rated code 3, 4 or 5.

Structural Activities

Credit union mergers decreased in 1986. Twenty-six credit unions (including 10 federally-chartered) merged into other credit unions during 1986. This compares with 35 credit union mergers completed in 1985 and 26 in 1984. As in previous years, deteriorating financial conditions caused some of the mergers. The majority of the mergers were effected to improve services to the credit unions' membership. All of the credit unions that merged had National Credit Union Administration (NCUA) insurance of accounts. Also, in some cases, NCUA guarantees protected the continuing credit union against possible losses resulting from a merger with a problem credit union. There were no voluntary or involuntary credit union dissolutions in Michigan during 1986.

Industry Trends

Assets of state-chartered credit unions reflected another year of rapid growth. Total assets (excluding Central Credit Union) increased $922.9 million or 20.5 percent during 1986 to a record high of $5.42 billion. Total savings increased 21.3 percent over 1985 to a record high of $4.96 billion. IRA and other retirement savings accounts grew 38 percent during 1986. This type of account now represents 11.9 percent of total state-chartered credit union savings accounts.

Member loans grew from $2.65 billion in 1985 to $2.95 billion in 1986 or 11.3 percent. This relatively slow growth is due, in large part, to the auto companies below-market interest rate loan promotions during 1986.

Net income, after the cost of funds and statutory reserve transfers, increased from $31.7 million in 1985 to $36.9 million in 1986. Loan delinquency (defined as loans delinquent two or more months) increased from 2.06 percent of total loans at year-end 1985 to 2.19 percent of total loans at year-end 1986.

These statistics indicate that Michigan's state-chartered credit unions had another strong year during 1986. Even though the number of credit unions continues to decline (from 480 as of December 31, 1985 to 465 as of December 31, 1986) savings, loans and equity accounts continue to increase.

The expansion of services and broader fields of membership were the primary factors responsible for credit unions' overall growth.

In the fall of 1986, Michael N. Fitzgerald, director of the Credit Union Division, was appointed president of the National Association of State Credit Union Supervisors. This additional exposure and contact with representatives from other states will enable Michigan's Credit Union Division to further develop their examination and supervision procedures.

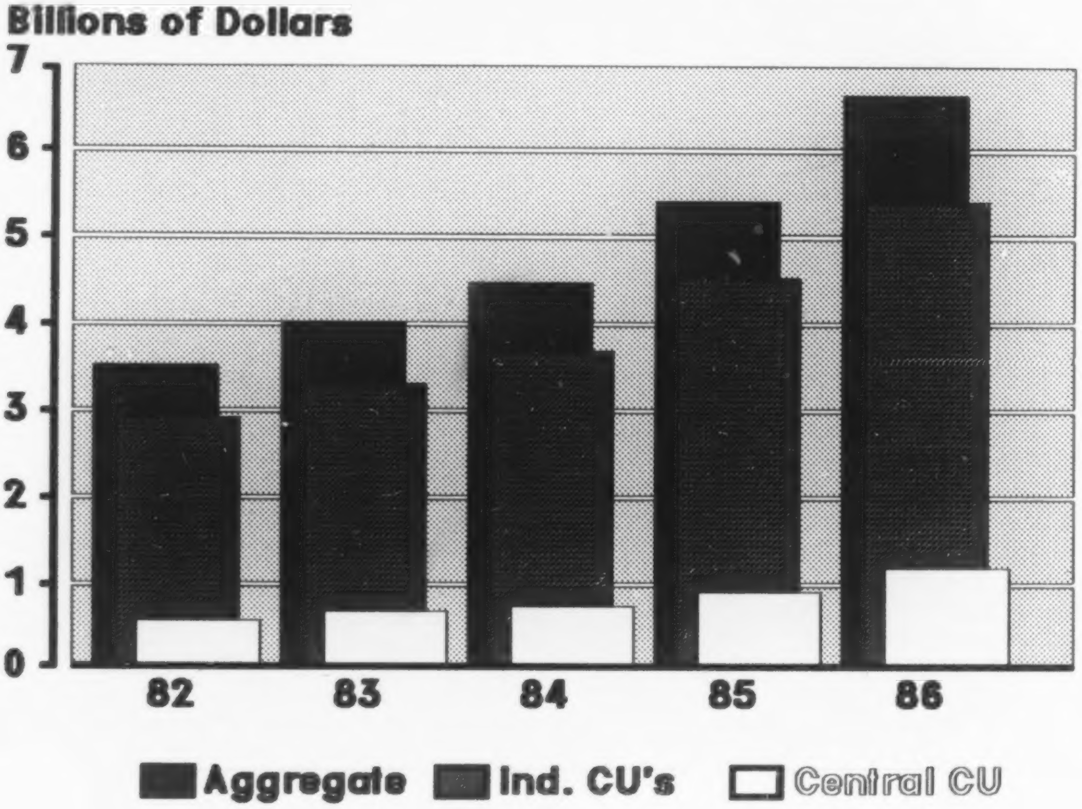
Legislation and Regulation

Public Act 20 of 1986, effective March 10, 1986, extends the 16.5 percent rate ceiling on motor vehicle loans through December, 1987. It also clarifies that the 16.5 percent rate limitation applies to open-end or line of credit motor vehicle loans.

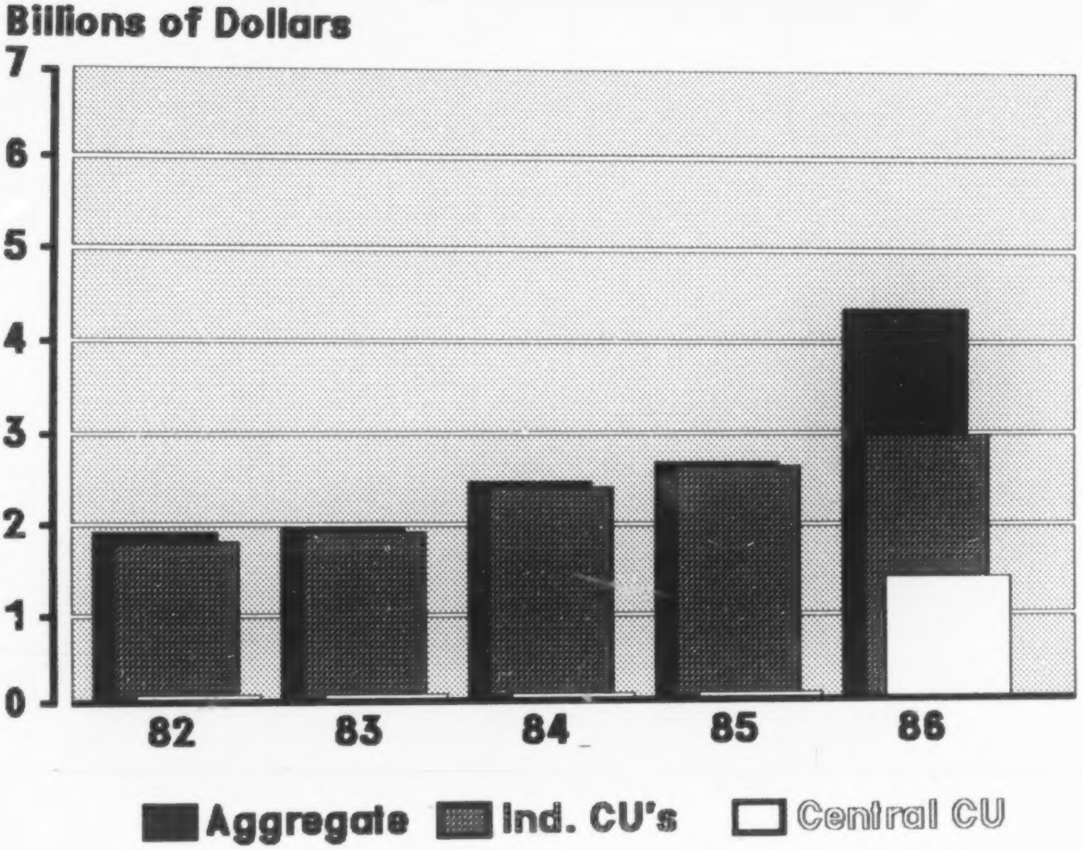
On December 19, 1986 the Governor signed into law House Bill 5540 (Public Act 278) which modernizes the existing act. The Act provides Michigan state-chartered credit unions with greater parity in dealing with services offered by federally-chartered credit unions, allows credit unions chartered in other states to do business in Michigan, permits Michigan state-chartered credit unions to establish service centers in other states and gives the Bureau additional regulatory powers to ensure that credit unions operate in a safe and sound manner.

During 1986, three policy bulletins were sent to all state-chartered credit unions. One bulletin pertained to credit unions acting as trustees or custodians of retirement accounts. A second bulletin informed Boards of Directors of supervisory and enforcement actions associated with problem credit unions. The final bulletin clarified the inclusion of retirees in a credit union's field of membership.

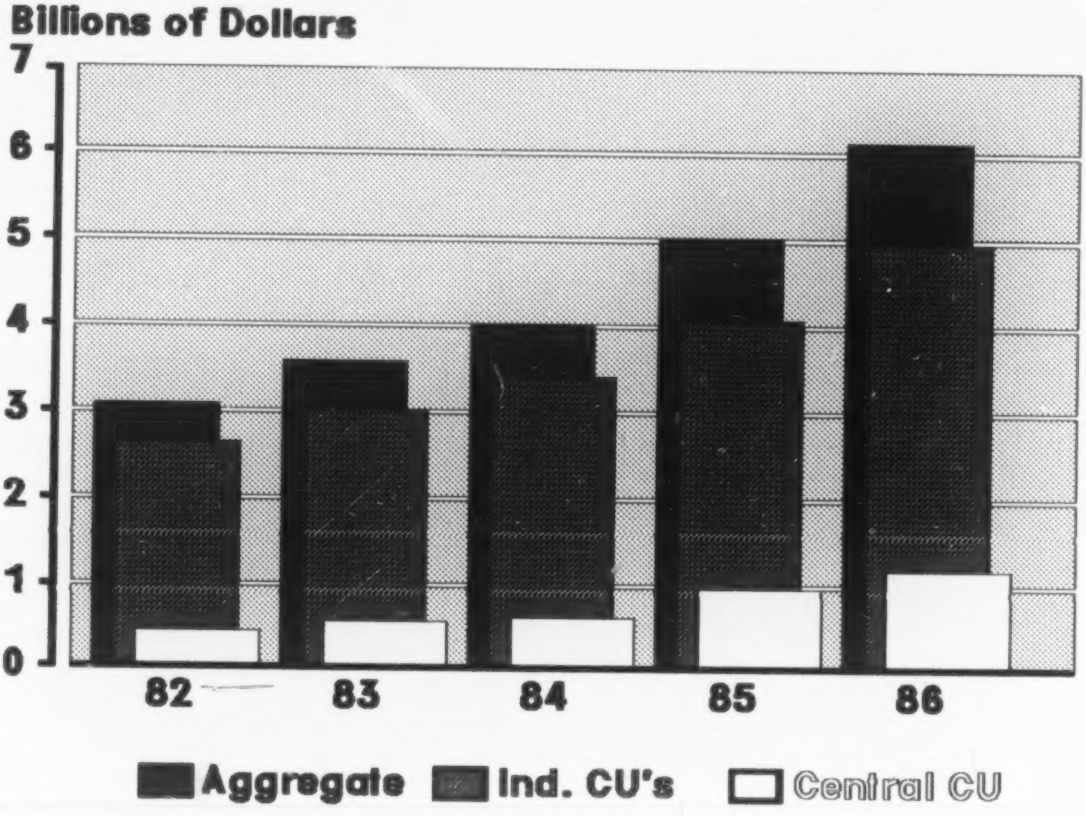
COMPARATIVE CHART OF ASSETS OF STATE CREDIT UNIONS IN MICHIGAN



COMPARATIVE CHART OF LOANS OF STATE CREDIT UNIONS IN MICHIGAN



COMPARATIVE CHART OF SHARES & DEPOSITS OF STATE CREDIT UNIONS IN MICHIGAN



CONSOLIDATED BALANCE SHEET OF STATE CREDIT UNIONS

(Excludes Central Credit Union of Michigan)

(000's Omitted)

	479 Credit Unions December 31, 1985	464 Credit Unions December 31, 1986	Percent Increase (Decrease)
ASSETS			
Loans			
Personal loans	$2,536,998	$2,650,969	4.49%
Loans to officials	28,939	32,749	13.17
Real estate loans	85,254	268,890	215.40
Allowance for loan losses	(19,432)	(19,041)	(2.01)
Investments			
U.S. Government obligations and Federal agency securities	204,095	226,635	11.04
Corporate central credit unions	674,074	846,928	25.64
Other credit unions	6,412	3,505	(45.34)
Commercial banks	451,877	606,898	34.31
Savings and loan associations and savings banks	65,424	106,813	63.26
Other investments	218,473	353,497	61.80
Cash and funds due from banks	107,313	141,181	31.56
Net fixed assets	92,198	108,508	17.69
Other assets	44,381	91,421	105.99
Total Assets	$4,496,006	$5,418,953	20.53%
LIABILITIES AND EQUITY			
Liabilities			
Notes payable	$ 16,451	$ 9,005	(45.26)%
Other liabilities	83,828	89,699	7.00
Savings			
Share and deposit certificates	316,577	325,726	2.89
Share and deposit drafts	324,645	417,121	28.49
IRA/Keogh and retirement accounts	427,285	590,032	38.09
Regular shares, deposits, other	3,021,812	3,629,937	20.12
Equity			
Regular/statutory reserves	137,903	154,574	12.09
Investment valuation reserve	3,501	2,761	(21.14)
Other reserves	51,402	65,149	26.74
Undivided earnings	112,602	134,949	19.85
Total Liabilities and Equity	$4,496,006	$5,418,953	20.53%

CONSOLIDATED STATEMENT OF OPERATIONS OF STATE CREDIT UNIONS

(Excludes Central Credit Union of Michigan)

(000's Omitted)

	1985	1986	Percent Increase (Decrease)
Operating income			
Interest on loans	$351,418	$373,855	6.38%
Less: Interest refund	(7,133)	(6,427)	(9.90)
Income from investments	125,217	145,881	16.50
Other operating income	13,917	18,574	33.46
Gross Income	483,419	531,883	10.03
Cost of funds			
Dividends	158,120	174,287	10.22
Interest on deposits	112,884	118,496	4.97
Interest on borrowings	1,585	1,227	(22.59)
Total Interest/Dividend Expense	272,589	294,010	7.86
Gross Earnings	210,830	237,873	12.83
Operating expense			
Employee compensation	57,790	64,760	12.06
Employee benefits	13,726	15,235	10.99
Cost of space	10,890	12,408	13.94
Office operations expense	28,799	38,245	32.80
Professional and outside services	11,785	13,733	16.53
Examination and supervision fees	1,865	2,001	7.29
Other operating expense	28,161	27,404	(2.69)
Total Operating Expense	153,016	173,786	13.57
Net Operating Income	57,814	64,087	10.85
Non-operating gains or losses (net)	1,138	1,969	73.02
Net Earnings	58,952	66,056	12.05
Required reserve allocation	27,231	29,163	7.09
Retained Earnings	$ 31,721	$ 36,893	16.30%

CENTRAL CREDIT UNION OF MICHIGAN
Southfield, Michigan

(000's Omitted)

BALANCE SHEET	December 31, 1985	December 31, 1986
ASSETS		
Loans		
Corporate member loans	$ 5,648	$ 9,265
Other loans	5,426	4,884
Investments		
U.S. Government obligations and Federal agency securities	81,033	22,528
U.S. Central Credit Union	848,771	1,061,497
Other investments	4,211	76,832
Cash and funds due from banks	16,926	24,846
Net fixed assets	129	123
Other assets	7,434	3,696
Total Assets	$969,578	$1,203,671
LIABILITIES AND EQUITY		
Liabilities		
Notes payable	$ 44,020	$ 13,807
Other liabilities	8,424	6,067
Savings		
Certificates	244,283	400,001
Daily shares	574,772	679,265
Corporate shares	- 0 -	- 0 -
Capital shares	71,556	67,696
Special deposits	565	5
Undistributed	14,250	23,181
Equity		
Regular/statutory reserve	908	908
Special reserves	10,277	12,731
Other reserves	513	- 0 -
Undivided earnings	10	10
Total Liabilities and Equity	$969,578	$1,203,671

STATEMENT OF OPERATIONS	1985	1986
Operating income		
Interest on corporate member loans	$ 443	$ 310
Interest on other loans	573	468
Income from investments	74,303	80,938
Other operating income	46	174
Gross income	$ 75,365	$ 81,890
Cost of funds		
Dividends-member accounts	65,695	74,349
Interest on borrowings	6,491	3,535
Other interest expense	56	2
Total Interest/Dividend Expense	$ 72,242	$ 77,886
Gross Earnings	3,123	4,004
Operating expense		
Employee compensation	409	508
Employee benefits	122	136
Cost of space	29	39
Office operations expense	307	362
Professional and outside services	276	235
Examination and supervision fees	55	89
Other operating expense	59	88
Total Operating Expense	1,257	1,457
Net Operating Income	1,866	2,547
Non-operating gains or losses (net)	(336)	(606)
Net Earnings	$ 1,530	$ 1,941

SIGNIFICANT FINANCIAL RATIOS OF STATE CREDIT UNIONS

(Excludes Central Credit Union of Michigan)

KEY OPERATING RATIOS	1982	1983	1984	1985	1986
Loan reserves/total loans	6.05%	5.98%	5.76%	5.93%	5.88%
Delinquent loans/total loans	3.71	2.75	2.23	2.06	2.19
Delinquent loans/loan reserves	61.29	45.95	38.81	34.75	41.18
Salary and benefits/income	15.83	16.02	14.63	14.76	14.98
Operating expense(-PLL)/income	33.42	34.74	31.66	33.01	34.84
Operating expense(-PLL)/total assets	3.95	3.87	3.73	3.56	3.43
Equity/total assets	6.35	6.13	6.75	6.72	6.60
Total loans/total assets	62.55	59.03	63.88	58.97	54.49
Total investments/total assets	33.61	37.70	33.29	38.43	42.93
Fixed assets/total assets	2.66	2.46	2.28	2.05	2.00
Total loans/total savings	69.82	65.43	70.87	64.82	59.48
Total borrowings/total savings	0.85	0.99	0.90	0.40	.18
Average return on investments (Income on investments/average investments outstanding)	11.04	8.55	9.75	8.23	7.55
Average cost of savings (Interest & dividends/average total savings)	7.84	7.05	7.47	7.19	6.39
Average cost of borrowed money (Interest on borrowings/average borrowings outstanding)	8.05	10.63	11.08	6.72	10.49
Average gross return on loans (Gross income on loans/average loans)	13.94	14.14	14.20	13.95	13.42
Average net return on loans (after interest refund) (Net income on loans/average loans)	13.67	13.84	13.90	13.67	13.19
DISTRIBUTION OF GROSS INCOME					
Interest refund to borrowers	1.37%	1.50%	1.49%	1.45%	1.19%
Operating expense(-PLL)	32.96	34.22	31.19	32.54	32.16
Interest on borrowings	0.75	0.75	0.74	0.32	.23
Interest and dividend cost	54.83	54.01	54.06	55.12	54.19
Reserves	5.24	5.07	6.00	4.12	5.40
Retained earnings	4.85	4.85	4.45	6.52	6.83
Total	100.00%	100.00%	100.00%	100.00%	100.00%
EARNINGS ANALYSIS					
Gross return on assets (Gross income after interest refund/average assets)	12.55%	11.60%	12.30%	11.67%	10.64%
Less: Cost of funds	7.07	6.45	6.84	6.57	5.86
Equals: Gross spread	5.48	5.15	5.46	5.10	4.78
Less: Operating expenses(-PLL)	4.19	4.03	3.89	3.69	3.46
Required reserve transfers	.67	.60	.75	.65	.58
Equals: Net return on assets (Margin) (Net income/average assets)	.62	.52	.82	.76	.74

CLASSIFICATION OF STATE CREDIT UNIONS BY ASSET SIZE

(Excludes Central Credit Union of Michigan)

December 31, 1986

	Number of Credit Unions	Percentage in Group	Total Assets (000's Omitted)	Percentage in Group
$250,000 or less	25	5.39%	$ 3,676	.07%
$250,000 to $500,000	37	7.97	13,974	.26
$500,000 to $1,000,000	47	10.13	33,051	.61
$1,000,000 to $2,000,000	65	14.01	95,420	1.76
$2,000,000 to $5,000,000	90	19.40	290,321	5.36
$5,000,000 to $10,000,000	61	13.14	442,337	8.16
$10,000,000 to $20,000,000	68	14.66	1,000,337	18.46
$20,000,000 to $50,000,000	52	11.21	1,533,549	28.30
Over $50,000,000	19	4.09	2,006,288	37.02
Total	464	100.00%	$5,418,953	100.00%

STATISTICAL DATA OF STATE CREDIT UNIONS

(Excludes Central Credit Union of Michigan)

	1982	1983	1984	1985	1986
Number of credit unions	530	515	499	479	464
Number of credit union members	1,731,047	1,714,766	1,770,913	1,863,989	1,970,661
*Total assets	$2,931,733	$3,309,223	$3,728,996	$4,496,006	$5,418,953
*Total loans outstanding	$1,833,800	$1,951,603	$2,365,152	$2,631,759	$2,952,608
*Total savings (shares and deposits)	$2,626,651	$2,985,502	$3,361,142	$4,090,319	$4,962,816
Number of loans made during year	855,260	942,597	1,217,910	1,306,451	1,535,664
*Amount of loans made during year	$1,219,008	$1,444,954	$1,827,471	$1,794,199	$1,984,217
*Amount of loans over two months past due at year end	$ 67,977	$ 53,690	$ 53,222	$ 54,679	$ 64,783
*Net charges to loan reserves	$ 16,304	$ 11,551	$ 9,659	$ 9,168	$ 12,914

*(000's omitted in dollar amounts)

CORPORATE CHANGES AND RELATED INFORMATION

	1982	1983	1984	1985	1986
Number of state credit unions	531	516	500	480	465
Number of federal credit unions	289	275	264	250	243
Number of state credit unions chartered	0	0	0	0	1
Number of federal credit unions chartered	1	3	0	1	0
Number of state credit unions closed - voluntary dissolution	1	0	0	0	0
Number of federal credit unions closed - voluntary dissolution	0	0	0	0	0
Number of state credit unions closed - involuntary dissolution	2	0	1	0	0
Number of federal credit unions closed - involuntary dissolution	3	0	0	0	0
Number of state credit unions merged into state credit unions	22	7	12	16	13
Number of federal credit unions merged into federal credit unions	6	11	8	9	6
Number of state credit unions merged into federal credit unions	4	8	3	4	3
Number of federal credit unions merged into state credit unions	9	6	3	6	4
Number of state credit unions converted to federal charter	0	0	0	0	0
Number of federal credit unions converted to state charter	0	0	0	0	0

CHANGES IN CORPORATE TITLE

Date of Change	From	To	City
April 3, 86	Clark-Ralston Area Credit Union	Omni Family Credit Union	Battle Creek
Dec. 17, 86	KEMBA - Foodland Credit Union	KEMBA Credit Union	Canton
April 2, 86	Clarkston Community School Employees Credit Union	Clarkston Brandon Schools Credit Union	Clarkston
March 25, 86	The Associated Brewery Workers Credit Union of Greater Detroit	First Financial Credit Union	Detroit
April 3, 86	Grand Trunk - Shoreline Employee's Credit Union	Grand Trunk Railroad Employees' Credit Union	Detroit
March 25, 86	East Detroit School Employees Credit Union	East Detroit Schools Credit Union	East Detroit
Sept. 16, 86	City of East Detroit Employees Credit Union	East Detroit Civic Credit Union	East Detroit
Dec. 17, 86	Motor Wheel-Metro Area Credit Union	Metro Plus Credit Union	Lansing
March 25, 86	St. Joseph Hospital Employees Credit Union	Health Services Credit Union	Mt. Clemens
April 2, 86	Burroughs Interstate Services Credit Union	Burroughs Employees and Associates Credit Union	Plymouth
April 18, 86	J. L. Hudson Employees Credit Union	Hudson's Employees Credit Union	Pontiac
Dec. 30, 86	Pontiac Railroad Employees Credit Union	United Family Credit Union	Waterford
April 18, 86	C & S Employees Credit Union	C & S Credit Union	Westland
March 25, 86	Allied Printing Trades Credit Union	Allied Employers Credit Union	Wyoming

CREDIT UNIONS MERGED
UNDER PROVISIONS OF SECTION 4(s) AND 20a OF ACT 285, P.A. 1925, AS AMENDED

Date of Merger	Name of Credit Union	City
Dec. 29, 86	Kemco Credit Union Merged into TLC Community Credit Union, Tecumseh	Adrian
June 17, 86	Northeastern Community Credit Union Merged into Wurtsmith Community Federal Credit Union, Oscoda	Au Gres
April 30, 86	West Huron Community Credit Union Merged into Education Employees Credit Union of Saginaw, Saginaw	Elkton
August 6, 86	St. Fabian's Credit Union Merged into Suburban Catholic Credit Union, Farmington	Farmington Hills
May 6, 86	Tri-County Building Trades Credit Union Merged into Saginaw Eaton Credit Union, Saginaw	Freeland
Dec. 29, 86	Cardinal Mercier Credit Union Merged into Motor City Co-op Credit Union, Detroit	Hamtramck
June 23, 86	Sparton Employees' Credit Union Merged into South Central State Employees Credit Union, Jackson	Jackson
Sept. 3, 86	State Journal Employees Credit Union Merged into Lansing Community Credit Union, Lansing	Lansing
Sept. 3, 86	Madison Heights Municipal Employees Credit Union Merged into SOC Credit Union, Madison Heights	Madison Heights
March 13, 86	Simplicity-Berrien Graphic Arts Credit Union Merged into Twin Cities Federal Credit Union, Benton Harbor	Niles
March 13, 86	Allegan County School Employees Credit Union Merged into School Employees Credit Union, Kalamazoo	Plainwell
Dec. 29, 86	Burroughs Employees and Associates Credit Union Merged into Burroughs Federal Credit Union, Detroit	Plymouth
Oct. 31, 86	Tri County Automotive Credit Union Merged into Lake Huron Credit Union, Saginaw	Saginaw
April 30, 86	Southfield Employees Credit Union Merged into Telcom Credit Union, Southfield	Southfield
June 23, 86	North Metro Catholic Credit Union Merged into Credit Union One, Ferndale	Utica
Sept. 29, 86	Alofs Employees Credit Union Merged into Allied Employers Credit Union, Wyoming	Wyoming

CREDIT UNION ORGANIZED

Date of Certificate Approved	Name of Credit Union	Location
May 28, 86	Birch Run Area Credit Union	7915 Main Street Birch Run, MI

STATE CHARTERED CREDIT UNIONS AS OF DECEMBER 31, 1986

(000's Omitted)

City	Name of Credit Union	Total Assets	Total Loans	Total Shares and Deposits
ADA	AMWAY EMPLOYEES CREDIT UNION	$ 8,354	$ 6,504	$ 7,577
ADRIAN	LENCO ED CREDIT UNION	8,122	3,574	7,565
ALBION	AMI-CO CREDIT UNION	587	422	454
ALLEGAN	ALLEGAN COUNTY CATHOLIC CREDIT UNION	1,020	915	933
ALLEGAN	ALLEGAN TEACHERS CREDIT UNION	685	380	589
ALLEN PARK	ALLEN PARK PRESBYTERIAN CREDIT UNION	122	70	107
ALLEN PARK	ALLEN PARK VA CREDIT UNION	2,244	1,516	2,017
ALLEN PARK	CABRINI CREDIT UNION	26,579	7,496	24,334
ALMA	GRATIOT COMMUNITY CREDIT UNION	5,652	3,507	5,298
ALPENA	ABITIBI EMPLOYEES CREDIT UNION	5,008	3,049	4,636
ALPENA	ALPENA CATHOLIC CREDIT UNION	824	595	781
ALPENA	ALPENA COUNTY MEDICAL CREDIT UNION	3,690	1,979	3,436
ALPENA	ALPENA-ALCONA AREA CREDIT UNION	20,754	11,288	19,552
ALPENA	BESSER CREDIT UNION	16,833	10,358	15,799
ALPENA	H. P. C. CREDIT UNION	22,111	10,354	20,164
ALPENA	STONEPORT EMPLOYEES CFREDIT UNION	1,449	1,080	1,303
ALPENA	TRI-CO CREDIT UNION	646	471	587
ANN ARBOR	HOSPITAL AND HEALTH SERVICES CREDIT UNION	47,869	30,264	43,127
ANN ARBOR	HURON RIVER AREA CREDIT UNION	29,941	18,678	26,897
ANN ARBOR	I. D. C. CREDIT UNION	3,700	2,574	3,404
ANN ARBOR	UNIVERSITY OF MICHIGAN CREDIT UNION	54,925	25,197	51,953
ATHENS	SIMPSON LEE EMPLOYEES CREDIT UNION	693	662	644
BANGOR	DU-WEL EMPLOYEES CREDIT UNION	231	105	189
BATTLE CREEK	BATTLE CREEK BUILDING TRADES CREDIT UNION	2,279	1,488	2,115
BATTLE CREEK	BATTLE CREEK ENQUIRER CREDIT UNION	1,515	791	1,340
BATTLE CREEK	BATTLE CREEK POSTAL CREDIT UNION	1,955	1,444	1,563
BATTLE CREEK	GASCO CREDIT UNION	465	281	419
BATTLE CREEK	METROCOM AREA CREDIT UNION	3,830	2,674	3,660
BATTLE CREEK	OMNI FAMILY CREDIT UNION	38,163	14,238	34,189
BATTLE CREEK	POST EMPLOYEES CREDIT UNION	28,686	13,955	25,919
BATTLE CREEK	SCHOOL EMPLOYEES CREDIT UNION	21,345	11,869	18,471
BATTLE CREEK	WESTON BISCUIT EMPLOYEES CREDIT UNION	238	213	180
BAY CITY	BAY GOVERNMENTAL CREDIT UNION	8,037	3,740	7,274
BAY CITY	COPOCO CREDIT UNION	17,245	9,352	15,955
BAY CITY	HEALTHCARE FAMILY CREDIT UNION	7,467	5,049	6,935
BAY CITY	INDUSTRIAL BUSINESS CREDIT UNION	3,457	2,272	3,272
BAY CITY	RWC EMPLOYEES CREDITUNION	2,630	1,829	2,283
BAY CITY	SCHOOL EMPLOYEES CREDIT UNION	30,995	11,796	28,236
BAY CITY	UNITED BAY CITY CREDIT UNION	39,418	16,844	36,777
BELDING	EXTRUDED METALS EMPLOYEES CREDIT UNION	561	450	394
BENTON HARBOR	GAST EMPLOYEES CREDIT UNION	2,118	1,358	2,003

STATE CHARTERED CREDIT UNIONS AS OF DECEMBER 31, 1986

(000's Omitted)

City	Name of Credit Union	Total Assets	Total Loans	Total Shares and Deposits
BERKLEY	BERKLEY LASALETTE COMMUNITY CREDIT UNION	$ 13,554	$ 5,698	$ 13,199
BERKLEY	KNIGHTS OF PYTHIAS-DETROIT LODGE 55 CREDIT UNION	67	10	56
BIG RAPIDS	HANCHETT EMPLOYEES CREDIT UNION	338	236	280
BIRCH RUN	BIRCH RUN AREA CREDIT UNION	316	158	310
BIRMINGHAM	BIRMINGHAM TEACHERS CREDIT UNION	13,126	6,130	12,574
BLISSFIELD	ST. PETERS PARISH CREDIT UNION	298	179	271
BLOOMFIELD HILLS	BLOOMFIELD HILLS SCHOOL EMPLOYEES CREDIT UNION	4,559	1,923	3,938
BRUCE CROSSING	SETTLERS' CO-OPERATIVE CREDIT UNION	1,813	918	1,706
BUCHANAN	BUCHANAN FARMERS CREDIT UNION	9,151	3,889	7,372
BURTON	FAMILY COMMUNITY CREDIT UNION	14,982	7,759	14,450
CADILLAC	NORTHWESTERN PUBLIC EMPLOYEES CREDIT UNION	7,368	4,485	6,800
CADILLAC	WEXFORD COMMUNITY CREDIT UNION	10,820	7,652	10,354
CASS CITY	WALBRO EMPLOYEES CREDIT UNION	276	187	260
CEDARVILLE	PORT DOLOMITE CREDIT UNION	1,021	413	956
CENTER LINE	FATHER KRAMER CREDIT UNION	8,437	5,750	7,766
CENTER LINE	TRI-COUNTY VETERANS CREDIT UNION	761	448	521
CENTER LINE	WARREN SCHOOLS CREDIT UNION	60,948	26,073	56,713
CHARLOTTE	ALUMINUM CREDIT UNION	864	726	787
CHARLOTTE	EATON COUNTY EDUCATIONAL EMPLOYEES CREDIT UNION	11,937	6,037	10,566
CHESANING	CHRISTOPHER CREDIT UNION	1,613	737	1,412
CLARKSTON	CLARKSTON BRANDON SCHOOLS CREDIT UNION	7,152	4,334	6,540
CLAWSON	C S E CREDIT UNION	17,151	7,567	15,194
CLAWSON	OAKLAND CATHOLIC CREDIT UNION	29,953	12,156	27,514
CLAWSON	ROYAL OAK POSTAL EMPLOYEES CREDIT UNION	776	646	594
COLDWATER	COLDWATER AREA CREDIT UNION	3,198	2,008	3,002
COMSTOCK PARK	G R BUILDING TRADES CREDIT UNION	8,826	5,014	8,445
CORUNNA	SHIAWASSEE COMMUNITY CREDIT UNION	11,569	7,555	10,850
CROSWELL	CROSWELL PICKLE CO EMPLOYEES CREDIT UNION	350	225	290
CROSWELL	SANILAC COUNTY TEACHERS CREDIT UNION	1,445	1,132	1,337
CROSWELL	ST. PATRICK (CROSWELL) CREDIT UNION	422	381	278
DEARBORN	ACM EMPLOYEES CREDIT UNION	33,660	9,481	31,357
DEARBORN	CO-OP SERVICES CREDIT UNION	75,674	47,222	70,486
DEARBORN	DAIRYMEN'S CREDIT UNION	13,114	5,136	9,433
DEARBORN	DEARBORN CHURCHES CREDIT UNION	3,693	1,392	3,500
DEARBORN	DEARBORN MUNICIPAL EMPLOYEES CREDIT UNION, THE	3,170	1,674	3,008
DEARBORN	DEARBORN POSTAL EMPLOYEES CREDIT UNION	1,283	981	1,209
DEARBORN	DEARBORN SCHOOLS CREDIT UNION	31,421	9,734	28,113
DEARBORN	LATHERS CREDIT UNION	393	219	343
DEARBORN	PERE MARQUETTE EMPLOYES' CREDIT UNION	20,002	9,619	17,728
DEARBORN	ROUGE EMPLOYEES CREDIT UNION	17,422	15,928	13,019
DEARBORN HGTS	ST. LINUS CREDIT UNION	2,621	1,442	2,333

STATE CHARTERED CREDIT UNIONS AS OF DECEMBER 31, 1986

(000's Omitted)

City	Name of Credit Union	Total Assets	Total Loans	Total Shares and Deposits
DEARBORN HTS.	DEARBORN HEIGHTS EMPLOYEES CREDIT UNION	$ 416	$ 201	$ 378
DETROIT	AMERICAN CREDIT UNION	4,062	2,539	3,061
DETROIT	AMEZ UNITED CREDIT UNION	199	73	159
DETROIT	BAKERY DRIVERS, SALESMEN, LOCAL NO. 51 CREDIT UNION	1,286	1,074	1,055
DETROIT	BETHEL BAPTIST CHURCH EAST CREDIT UNION	249	110	224
DETROIT	BLUE CROSS-BLUE SHIELD EMPLOYEES CREDIT UNION	6,150	4,647	5,741
DETROIT	BORMAN CREDIT UNION	17,783	9,159	16,405
DETROIT	CHAMPION EMPLOYEES CREDIT UNION	3,187	2,037	2,748
DETROIT	COMMUNICATING ARTS CREDIT UNION	14,440	9,435	13,631
DETROIT	CONTRAK CREDIT UNION	3,091	1,583	2,783
DETROIT	CRAFTSMAN CREDIT UNION	32,970	9,747	28,000
DETROIT	DANA DETROIT EMPLOYEES CREDIT UNION	428	284	391
DETROIT	DESIGNING ENGINEERS CREDIT UNION	13,648	6,303	12,346
DETROIT	DETROIT EDISON EMPLOYEES CREDIT UNION, THE	148,422	95,218	136,902
DETROIT	DETROIT METHODIST CONFERENCE CREDIT UNION	4,145	1,936	4,004
DETROIT	DETROIT MUNICIPAL CREDIT UNION	201,577	56,723	190,534
DETROIT	DETROIT NEW CALVARY BAPTIST CHURCH CREDIT UNION	984	363	825
DETROIT	DETROIT POSTAL EMPLOYEES CREDIT UNION, THE	50,595	18,294	43,951
DETROIT	DETROIT TEACHERS CREDIT UNION	149,115	91,821	137,235
DETROIT	E. W. DANIEL EPISCOPAL CREDIT UNION	81	13	63
DETROIT	EBENEZER A M E CHURCH CREDIT UNION	356	275	298
DETROIT	ELECTRICAL WORKERS LOCAL 58 CREDIT UNION	1,748	1,125	1,658
DETROIT	F. R. B. EMPLOYEES CREDIT UNION	633	571	600
DETROIT	FANNIE B. PECK CREDIT UNION OF BETHEL A.M.E. CHURCH	294	16	228
DETROIT	FIRST FINANCIAL CREDIT UNION	19,960	11,455	18,017
DETROIT	GASCO EMPLOYEES CREDIT UNION	35,543	17,667	32,980
DETROIT	GRACE CHURCH CREDIT UNION	25	11	21
DETROIT	GRAND TRUNK RAILROAD EMPLOYEES' CREDIT UNION	3,313	1,739	3,019
DETROIT	GREATER CHRIST BAPTIST CHURCH CREDIT UNION	585	265	549
DETROIT	GREATER NEW MT. MORIAH BAPTIST CHURCH CREDIT UNION	121	94	112
DETROIT	HOLY CROSS COUNCIL CREDIT UNION	615	344	517
DETROIT	I. M. DETROIT DISTRICT CREDIT UNION	418	31	267
DETROIT	IRON WORKERS LOCAL 25 CREDIT UNION	2,928	1,393	2,561
DETROIT	JOS. CAMPAU AVENUE CHURCH OF GOD CREDIT UNION	34	33	31
DETROIT	LUTHERAN CREDIT UNION OF GREATER DETROIT	599	456	566
DETROIT	M.E.S CREDIT UNION	6,398	5,274	5,489
DETROIT	METROPOLITAN CHURCH OF GOD CREDIT UNION	32	21	27
DETROIT	MOTOR CITY CO-OP CREDIT UNION	35,072	25,761	31,511
DETROIT	MOUNT CARMEL MERCY CREDIT UNION	2,545	1,581	2,274
DETROIT	NORTHEAST CATHOLIC CREDIT UNION	22,893	15,720	21,154
DETROIT	NORTHWEST PARISH CREDIT UNION	936	822	829

STATE CHARTERED CREDIT UNIONS AS OF DECEMBER 31, 1986

(000's Omitted)

City	Name of Credit Union	Total Assets	Total Loans	Total Shares and Deposits
DETROIT	NORTHWOOD TRANSPORTATION CREDIT UNION	$ 17,797	$ 10,892	$ 15,335
DETROIT	PEOPLES COMMUNITY CHURCH CREDIT UNION	652	299	567
DETROIT	PRECISION SPRING CREDIT UNION	250	136	186
DETROIT	PRINCE HALL CREDIT UNION	166	57	113
DETROIT	REDFORD TOWNSHIP COMMUNITY CREDIT UNION	14,087	5,742	13,489
DETROIT	SAINT PETER AND PAUL ORTHODOX CREDIT UNION, THE	422	358	368
DETROIT	SCOTT METHODIST CREDIT UNION	146	10	124
DETROIT	SINAI HEALTH SERVICES CREDIT UNION	4,446	2,550	4,168
DETROIT	ST. BARTHOLOMEW PARISH CREDIT UNION	1,059	520	981
DETROIT	ST. GABRIEL PARISH CREDIT UNION	2,010	765	1,785
DETROIT	ST. GEMMA PARISH CREDIT UNION	353	166	311
DETROIT	ST. HILARY CREDIT UNION	2,031	1,017	1,714
DETROIT	ST. JOHN PRESBYTERIAN CHURCH CREDIT UNION	268	216	232
DETROIT	TEAMSTERS CREDIT UNION	10,505	5,698	9,955
DETROIT	TRAILER CREDIT UNION	4,857	2,411	4,497
DETROIT	UNITY CREDIT UNION	21,433	11,544	19,990
DETROIT	VERNON CHAPEL CREDIT UNION	85	69	60
DETROIT	WARRENDALE COMMUNITY CREDIT UNION	8,109	3,977	7,487
DETROIT	WAYNE COUNTY CREDIT UNION	48,392	28,659	45,350
DRAYTON PLAINS	LAKELAND CATHOLIC CREDIT UNION	2,637	816	2,369
DRUMMOND ISLAND	DE TOUR DRUMMOND COMMUNITY CREDIT UNION	1,605	944	1,391
EAST DETROIT	EAST DETROIT CIVIC CREDIT UNION	1,386	671	1,297
EAST DETROIT	EAST DETROIT SCHOOLS CREDIT UNION	4,160	1,738	3,741
EATON RAPIDS	WESLEY CREDIT UNION	2,963	1,837	2,518
ECORSE	ECORSE MUNICIPAL EMPLOYEES CREDIT UNION	483	357	383
EDMORE	HITACHI EMPLOYEES CREDIT UNION	2,073	1,422	1,758
EDMORE	MONTCALM PUBLIC EMPLOYEES CREDIT UNION	1,745	1,669	1,578
ESCANABA	BAY DE NOC STATE EMPLOYEES CREDIT UNION	8,388	4,347	7,642
ESCANABA	DELTA COUNTY CREDIT UNION	21,437	8,641	20,331
ESCANABA	DELTA COUNTY PRINTING TRADES CREDIT UNION	120	65	104
ESCANABA	DELTA COUNTY TEACHERS CREDIT UNION	1,759	1,552	1,646
ESSEXVILLE	ESSEXVILLE COLUMBUS CREDIT UNION	219	130	185
FARMINGTON	SUBURBAN CATHOLIC CREDIT UNION	16,209	7,239	14,718
FERNDALE	CREDIT UNION ONE	134,408	75,712	127,327
FERNDALE	PATTERN MAKERS CREDIT UNION	3,129	1,895	2,961
FLINT	EL-GA CREDIT UNION	14,004	6,839	12,899
FLINT	FLINT AREA SCHOOL EMPLOYEES CREDIT UNION	67,546	29,421	60,009
FLINT	FLINT FEDERAL EMPLOYEES CREDIT UNION	6,891	4,708	6,562
FLINT	FLINT MUNICIPAL CREDIT UNION	19,803	11,839	16,536
FLINT	GENESEE COUNTY EMPLOYEES CREDIT UNION	2,690	1,786	2,416
FLINT	GRAND BLANC AUTO WORKERS CREDIT UNION	14,655	8,485	11,995

STATE CHARTERED CREDIT UNIONS AS OF DECEMBER 31, 1986

(000's Omitted)

City	Name of Credit Union	Total Assets	Total Loans	Total Shares and Deposits
FLINT	MCDONALD DAIRY EMPLOYEES CREDIT UNION	$ 1,058	$ 788	$ 978
FLINT	NORTH FLINT CATHOLIC CREDIT UNION	10,395	6,781	9,708
FRANKENMUTH	FRANKENMUTH CREDIT UNION	14,452	6,523	12,936
FRANKENMUTH	UNIVERSAL EMPLOYEES' CREDIT UNION	1,878	402	1,610
FRASER	CROSS COMPANY EMPLOYEES' CREDIT UNION, THE	653	524	575
FRASER	MACOMB SCHOOLS AND GOVERNMENT CREDIT UNION	121,064	49,084	116,238
FREMONT	NEWAYGO COUNTY SCHOOL EMPLOYEES CREDIT UNION	3,357	1,740	3,134
GARDEN CITY	GARDEN CITY COMMUNITY CREDIT UNION	1,581	620	1,514
GRAND HAVEN	BASTIAN-BLESSING EMPLOYEES CREDIT UNION	2,362	1,508	2,191
GRAND HAVEN	NORTH OTTAWA CREDIT UNION	539	476	471
GRAND HAVEN	OTTAWA COUNTY SCHOOL EMPLOYEES CREDIT UNION	16,686	10,469	15,604
GRAND HAVEN	TRI-CITIES CREDIT UNION	3,952	3,377	3,383
GRAND RAPIDS	A A C CREDIT UNION	10,740	4,473	9,984
GRAND RAPIDS	A. T. L. EMPLOYEES CREDIT UNION	9,734	3,753	8,832
GRAND RAPIDS	AMI EMPLOYEES'S CREDIT UNION	1,429	1,106	1,250
GRAND RAPIDS	AQUINAS COLLEGE CREDIT UNION	3,143	1,807	2,761
GRAND RAPIDS	BELL COM CREDIT UNION	37,141	26,729	34,282
GRAND RAPIDS	BISSELL EMPLOYEES CREDIT UNION	3,364	2,582	3,026
GRAND RAPIDS	BLACKMER PUMP CREDIT UNION	679	457	576
GRAND RAPIDS	BLESSED SACRAMENT PARISH CREDIT UNION	625	582	547
GRAND RAPIDS	BLODGETT MEMORIAL MEDICAL CENTER CREDIT UNION	4,735	2,824	4,495
GRAND RAPIDS	FOOD MARKETERS CREDIT UNION	8,101	6,157	7,528
GRAND RAPIDS	GRAND RAPIDS FEDERAL EMPLOYES CREDIT UNION	18,530	11,659	17,081
GRAND RAPIDS	GRAND RAPIDS MUNICIPAL EMPLOYEES' CREDIT UNION	11,662	6,293	10,858
GRAND RAPIDS	GRAND RAPIDS TEACHERS CREDIT UNION	73,596	39,651	70,902
GRAND RAPIDS	GRAND VALLEY CO-OP CREDIT UNION	24,541	16,319	23,128
GRAND RAPIDS	GRDT EMPLOYEES CREDIT UNION	2,858	2,027	2,730
GRAND RAPIDS	GUARDSMAN EMPLOYEES CREDIT UNION	1,066	735	981
GRAND RAPIDS	HEALTH CARE CREDIT UNION	8,721	6,920	8,293
GRAND RAPIDS	JOHN WIDDICOMB CO. EMPLOYEES CREDIT UNION, THE	344	291	313
GRAND RAPIDS	K-V EMPLOYEES CREDIT UNION	1,576	1,327	1,397
GRAND RAPIDS	KEELER BRASS EMPLOYEES CREDIT UNION	2,515	1,253	2,276
GRAND RAPIDS	KENT COUNTY EMPLOYEES CREDIT UNION	6,793	3,816	6,171
GRAND RAPIDS	L S I CREDIT UNION	31,327	18,578	27,952
GRAND RAPIDS	LATVIAN CREDIT UNION	2,614	1,158	2,356
GRAND RAPIDS	M P S EMPLOYEES CREDIT UNION	831	409	643
GRAND RAPIDS	MEIJER EMPLOYEES CREDIT UNION	20,345	14,812	18,745
GRAND RAPIDS	NORTH KENT CATHOLIC CREDIT UNION	1,485	895	1,360
GRAND RAPIDS	OAK INDUSTRIAL PARK CREDIT UNION	6,497	3,720	6,289
GRAND RAPIDS	SAINT MARY'S HOSPITAL CREDIT UNION	5,074	3,487	4,808
GRAND RAPIDS	SAINT MATTHEW'S CREDIT UNION	47,592	25,727	45,913

STATE CHARTERED CREDIT UNIONS AS OF DECEMBER 31, 1986

(000's Omitted)

City	Name of Credit Union	Total Assets	Total Loans	Total Shares and Deposits
GRAND RAPIDS	WEST MICHIGAN STATE EMPLOYEES CREDIT UNION	$18,412	$ 11,233	$ 16,840
GRAND RAPIDS	WESTERN DISTRICTS EMPLOYEES CREDIT UNION	7,550	4,332	6,757
GRANDVILLE	ALLOYTEK EMPLOYEES CREDIT UNION	1,551	992	1,068
GRANDVILLE	SOUTHWEST CATHOLIC CREDIT UNION	1,572	712	1,353
GREENVILLE	RANNEY REFRIGERATOR EMPLOYEES CREDIT UNION	374	220	324
GROSSE POINTE	BON SECOURS-COTTAGE AND AFFILIATES CREDIT UNION	6,288	3,312	5,619
HAMTRAMCK	ST. LADISLAUS CREDIT UNION	860	465	812
HART	OCEANA SCHOOL EMPLOYEES CREDIT UNION	522	374	481
HASTINGS	P-RING CREDIT UNION	1,099	660	920
HASTINGS	THORNAPPLE VALLEY COMMUNITY CREDIT UNION	6,794	4,376	5,090
HIGHLAND PARK	HIGHLAND PARK SCHOOL EMPLOYEES CREDIT UNION	1,978	1,354	1,868
HOLLAND	BIG DUTCH FLEET CREDIT UNION, THE	3,724	2,538	3,246
HOLLAND	DONNELLY MIRRORS EMPLOYEES CREDIT UNION	1,813	1,233	1,698
HOLLAND	HOLLAND CENTRAL TRADES CREDIT UNION	16,928	11,438	15,240
HOLLAND	HOLLAND GENERAL ELECTRIC EMPLOYEES CREDIT UNION	3,516	1,673	3,224
HOLLAND	HOLLAND MACHINE EMPLOYEES CREDIT UNION	632	523	480
HOLLAND	HOLLAND MUNICIPAL EMPLOYEES CREDIT UNION	4,375	2,466	4,106
HOWELL	C.H.C. EMPLOYEES CREDIT UNION	317	234	276
HOWELL	CITIZENS' CREDIT UNION	2,808	1,776	2,379
IONIA	AUTO BODY WORKERS CREDIT UNION OF IONIA	1,197	883	986
IONIA	GOVERNMENTAL EMPLOYEES CREDIT UNION OF IONIA	7,184	3,862	5,969
IRON RIVER	SOUTHWEST IRON COUNTY COMMUNITY CREDIT UNION	2,795	1,731	2,558
JACKSON	AEROQUIP EMPLOYEES CREDIT UNION	10,998	6,805	10,359
JACKSON	CATHOLIC COMMUNITY CREDIT UNION	941	711	852
JACKSON	EDUCATORS AND EMPLOYEES CREDIT UNION	16,584	11,279	15,012
JACKSON	JACKSON CITY COUNTY CREDIT UNION	5,023	2,579	4,683
JACKSON	JACKSON COUNTY PRINTING & PUBLISHING EMPLOYEES CREDIT UNION	2,249	1,253	2,110
JACKSON	MICHIGAN RAILROADERS CREDIT UNION	1,303	598	1,145
JACKSON	SOUTH CENTRAL STATE EMPLOYEES CREDIT UNION	12,894	10,016	12,046
JACKSON	TEER-WICKWIRE EMPLOYEES CREDIT UNION	191	160	163
KALAMAZOO	AUTO WORKERS CREDIT UNION	24,358	16,813	22,333
KALAMAZOO	KALAMAZOO BUILDING TRADES CREDIT UNION	2,657	1,310	2,473
KALAMAZOO	KALAMAZOO GAZETTE EMPLOYEES CREDIT UNION	1,715	1,254	1,520
KALAMAZOO	KALAMAZOO STATE HOSPITAL EMPLOYEE'S CREDIT UNION	6,571	3,018	6,315
KALAMAZOO	KALSEE CREDIT UNION	16,895	9,022	15,402
KALAMAZOO	NORTHWEST INDUSTRIAL CREDIT UNION	12,184	6,383	11,584
KALAMAZOO	PAPERMAKERS CREDIT UNION	3,277	2,031	3,068
KALAMAZOO	SCHOOL EMPLOYEES CREDIT UNION	46,832	30,120	43,865
KALAMAZOO	SOUTHWESTERN MICHIGAN UTILITIES EMPLOYEES CREDIT UNION	5,714	4,285	5,021
KALAMAZOO	SOUTHWESTERN STATE EMPLOYEES CREDIT UNION	16,964	8,096	15,869
LAKE LEELANAU	LEELANAU CATHOLIC CREDIT UNION	834	503	706

STATE CHARTERED CREDIT UNIONS AS OF DECEMBER 31, 1986

(000's Omitted)

City	Name of Credit Union	Total Assets	Total Loans	Total Shares and Deposits
LAKE ORION	ORION-OXFORD COMMUNITY CREDIT UNION	$ 2,828	$ 1,519	$ 2,640
LANSING	AUTO BODY CREDIT UNION	59,772	35,419	55,157
LANSING	AUTO OWNERS EMPLOYEES CREDIT UNION, THE	8,098	3,293	7,653
LANSING	BARBERS CREDIT UNION	608	382	550
LANSING	CAPITAL AREA SCHOOL EMPLOYEES CREDIT UNION	39,097	30,157	34,606
LANSING	COMMUNICATION SERVICES CREDIT UNION	7,009	4,243	6,142
LANSING	CONSUMERS POWER CREDIT UNION	16,102	10,822	14,271
LANSING	COOLEY LAWYERS CREDIT UNION	1,733	1,113	1,413
LANSING	FARM BUREAU EMPLOYEES CREDIT UNION	3,239	1,830	3,011
LANSING	FEDERAL EMPLOYEES CREDIT UNION	5,013	2,928	4,692
LANSING	GABRIELS CATHOLIC CREDIT UNION	2,422	1,521	2,202
LANSING	GREATER LANSING LABOR COUNCIL CREDIT UNION	1,725	1,393	1,585
LANSING	LANSING BUILDING TRADES CREDIT UNION	1,755	1,147	1,635
LANSING	LANSING COMMUNITY CREDIT UNION	21,792	15,255	18,833
LANSING	LANSING POSTAL CREDIT UNION	10,115	6,050	9,076
LANSING	MEDICAL CREDIT UNION	7,837	3,358	7,227
LANSING	METRO PLUS CREDIT UNION	20,069	8,779	18,301
LANSING	POVERELLO CREDIT UNION	2,604	1,313	2,119
LANSING	STATE EMPLOYEES CREDIT UNION	157,084	90,137	148,628
LAPEER	LAPEER COUNTY COMMUNITY CREDIT UNION	21,067	12,209	20,339
LAPEER	LAPEER COUNTY SCHOOL EMPLOYEES CREDIT UNION	3,869	2,106	3,385
LATHRUP VILLAGE	SOUTHFIELD TRI-PARISH CREDIT UNION	1,622	1,051	1,498
LAWTON	WELCH FOODS INC. CREDIT UNION	509	371	432
LEONIDAS	PLASTIC WORKERS CREDIT UNION	690	516	591
LINCOLN PARK	GOOD SHEPHERD CREDIT UNION	22,239	9,373	20,969
LINCOLN PARK	LINCOLN-ALLEN CREDIT UNION	13,145	5,685	12,081
LIVONIA	KEMBA CREDIT UNION	9,134	5,084	7,433
LIVONIA	LIVONIA COMMUNITY CREDIT UNION	14,887	10,043	14,030
LIVONIA	PARKSIDE CREDIT UNION	22,452	12,233	19,294
LIVONIA	SAINTS TRI-PARISH CREDIT UNION	2,751	1,902	2,567
LIVONIA	WAYNE OUT COUNTY TEACHERS' CREDIT UNION	102,969	41,066	87,864
LUDINGTON	DOW LUDINGTON EMPLOYEES' CREDIT UNION	8,547	4,946	7,760
LUDINGTON	JACKSON VIBRATORS EMPLOYEES CREDIT UNION	1,162	672	923
LUDINGTON	MASON COUNTY SCHOOL EMPLOYEES CREDIT UNION	2,279	1,530	2,074
MADISON HEIGHTS	A F D CREDIT UNION	4,217	2,657	3,770
MADISON HEIGHTS	SOC CREDIT UNION	56,434	48,694	49,998
MANISTEE	FILER CITY MILL EMPLOYEES CREDIT UNION	9,555	3,038	8,829
MANISTEE	MANISTEE CATHOLIC CENTRAL CREDIT UNION	178	93	151
MANISTEE	MANISTEE COUNTY TEACHERS CREDIT UNION	561	254	513
MANISTEE	MANISTEE PUBLIC EMPLOYEES CREDIT UNION	779	519	636
MANISTEE	MANISTEE SALT EMPLOYEES CREDIT UNION	1,740	875	1,523

STATE CHARTERED CREDIT UNIONS AS OF DECEMBER 31, 1986

(000's Omitted)

City	Name of Credit Union	Total Assets	Total Loans	Total Shares and Deposits
MARQUETTE	MARQUETTE CATHOLIC CREDIT UNION	$19,535	$ 6,412	$ 16,145
MARQUETTE	STEELWORKERS-LOCAL 3111 CREDIT UNION	150	93	130
MARSHALL	MARSHALL COMMUNITY CREDIT UNION	16,524	5,695	14,816
MARYSVILLE	EDUCATIONAL AND ASSOCIATES CREDIT UNION	20,146	14,587	18,721
MASON	WYETH-MASON CREDIT UNION	814	696	690
MELVINDALE	DOWNRIVER CATHOLIC CREDIT UNION	15,046	6,556	13,912
MELVINDALE	MELVINDALE COMMUNITY CREDIT UNION	2,749	1,348	2,491
MENOMINEE	MECU CREDIT UNION	1,252	351	1,157
MENOMINEE	MENOMINEE AREA CREDIT UNION	2,679	1,903	2,555
MENOMINEE	MENOMINEE CATHOLIC CREDIT UNION	236	155	215
MENOMINEE	MENOMINEE LOCAL 328 CREDIT UNION	540	411	490
MENOMINEE	MENOMINEE PAPER CREDIT UNION	4,363	2,781	4,067
MIDLAND	DOW CHEMICAL EMPLOYEES' CREDIT UNION	225,249	114,434	201,100
MIDLAND	MIDLAND AREA CREDIT UNION	20,728	13,901	19,714
MIDLAND	MIDLAND COUNTY SCHOOL EMPLOYEES CREDIT UNION	15,751	8,311	15,071
MILFORD	HURON VALLEY SCHOOLS CREDIT UNION	6,291	3,108	5,879
MONROE	MONROE COUNTY AND MUNICIPALITIES EMPLOYEES CREDIT UNION	2,002	1,337	1,783
MONROE	MONROE COUNTY COMMUNITY CREDIT UNION	21,951	9,452	20,769
MONROE	MONROE COUNTY TEACHERS CREDIT UNION	14,071	9,681	12,533
MONROE	ST. MICHAEL'S-MONROE CREDIT UNION	576	327	476
MOUNT CLEMENS	JOINT MILITARY SERVICES CREDIT UNION	36,927	26,903	35,471
MT. CLEMENS	HEALTH SERVICES CREDIT UNION	4,011	2,326	3,602
MT. MORRIS	BUILDING TRADES - AFL-CIO CREDIT UNION	1,587	767	1,467
MT. MORRIS	MID VALLEY CREDIT UNION	6,485	2,365	6,265
MT. PLEASANT	ISABELLA COMMUNITY CREDIT UNION	21,946	15,231	21,168
MUNISING	MUNISING COMMUNITY CREDIT UNION	8,117	5,347	7,201
MUSKEGON	FATHER MARQUETTE-MUSKEGON DEANERY CREDIT UNION	382	369	310
MUSKEGON	FIRST GENERAL CREDIT UNION	12,941	8,238	11,051
MUSKEGON	MUSKEGON CATHOLIC CENTRAL CREDIT UNION	1,431	989	1,253
MUSKEGON	MUSKEGON CENTRAL TRADES CREDIT UNION	1,305	897	1,254
MUSKEGON	MUSKEGON CONSUMERS POWER EMPLOYEES CREDIT UNION	2,053	1,564	1,758
MUSKEGON	MUSKEGON COUNTY SCHOOL EMPLOYEES CREDIT UNION	15,785	10,635	14,696
MUSKEGON	MUSKEGON PISTON RING EMPLOYEES CREDIT UNION	2,066	1,355	1,774
MUSKEGON	MUSKEGON PRINTING INDUSTRIAL EMPLOYEES CREDIT UNION	1,612	1,395	1,476
MUSKEGON	MUSKEGON TEACHERS CREDIT UNION	2,860	1,805	2,488
MUSKEGON	SEALED POWER EMPLOYEES CREDIT UNION	17,237	7,093	15,627
MUSKEGON	TRU-VALU CREDIT UNION	4,133	2,881	3,651
NEWBERRY	EAST CENTRAL UPPER PENINSULA EMPLOYEES CREDIT UNION	9,760	5,593	9,285
NILES	N.-S. CREDIT UNION	4,281	2,254	3,804
NILES	TYLER EMPLOYEES CREDIT UNION	2,167	1,324	1,798
NORWAY	NORWAY COMMUNITY CREDIT UNION	2,201	1,468	1,911

STATE CHARTERED CREDIT UNIONS AS OF DECEMBER 31, 1986

(000's Omitted)

City	Name of Credit Union	Total Assets	Total Loans	Total Shares and Deposits
OAK PARK	LOCAL 17 IBEW CREDIT UNION	$ 1,325	$ 599	$ 1,203
OAK PARK	OAK PARK MUNICIPAL EMPLOYEES' CREDIT UNION	488	281	421
OAK PARK	OUR LADY OF FATIMA CREDIT UNION	1,196	770	1,084
OAK PARK	SHEETMETAL CREDIT UNION	3,245	2,324	3,106
OKEMOS	SCHMIDT'S EMPLOYEES CREDIT UNION	1,104	979	1,001
ONTONAGON	LAKE SUPERIOR CREDIT UNION	1,157	799	945
ORCHARD LAKE	WEST ACRES CREDIT UNION	2,036	917	1,757
OSCODA	IOSCO SCHOOL EMPLOYEES CREDIT UNION	6,954	2,926	6,424
OTSEGO	MEAD-OTSEGO EMPLOYEES CREDIT UNION	1,357	1,142	1,138
OTSEGO	OTSEGO FALLS CREDIT UNION	249	179	207
OWOSSO	CENTEL CREDIT UNION	6,778	3,055	6,062
OWOSSO	OUR FAMILY CREDIT UNION	1,899	1,469	1,708
OWOSSO	OWOSSO COLUMBUS CREDIT UNION	2,478	1,592	2,231
OWOSSO	SHIAWASSEE CREDIT UNION	1,333	772	1,125
PELKIE	PELKIE-COPPER COUNTRY COMMUNITY CREDIT UNION	2,490	1,303	2,398
PLAINWELL	PLAINWELL PAPER CO., INC. EMPLOYEES CREDIT UNION	1,744	1,068	1,499
PLYMOUTH	PLYMOUTH COUNCIL CREDIT UNION	719	367	664
PONTIAC	HUDSON'S EMPLOYEES CREDIT UNION	69,360	32,017	64,318
PONTIAC	NORTH OAKLAND COMMUNITY CREDIT UNION	16,069	10,417	15,746
PONTIAC	OAKLAND COUNTY EMPLOYEES CREDIT UNION	31,190	15,535	29,298
PONTIAC	PONTIAC MUNICIPAL EMPLOYEES CREDIT UNION	15,958	10,258	15,157
PONTIAC	PONTIAC POSTAL EMPLOYEES CREDIT UNION	5,257	2,852	4,218
PONTIAC	PONTIAC TELEPHONE EMPLOYEES CREDIT UNION	26,064	13,990	24,117
PORT HURON	CITY COUNTY ASSOCIATES CREDIT UNION	1,974	1,221	1,794
PORT HURON	PORT HURON PAPER CREDIT UNION	1,486	996	1,399
PORT HURON	ST. CLAIR COUNTY MANUFACTURER'S CREDIT UNION	16,323	10,799	15,415
PORT HURON	TIMES HERALD EMPLOYEES CREDIT UNION	444	195	422
PORT SANILAC	ST. MARY'S PARISH CREDIT UNION	76	33	66
REDFORD	REDFORD TOWNSHIP EMPLOYEES CREDIT UNION	1,312	771	1,253
REED CITY	MILLER INDUSTRIES CREDIT UNION	977	727	799
REED CITY	OSCEOLA COMMUNITY CREDIT UNION	87	68	75
REESE	ST. ELIZABETH PARISH CREDIT UNION	2,313	1,653	2,177
RICHMOND	BELLE RIVER COMMUNITY CREDIT UNION	3,506	2,540	3,221
RIVER ROUGE	MSGR. CHAMPION K. OF C. CREDIT UNION	768	408	656
RIVER ROUGE	RIVER ROUGE MUNICIPAL CREDIT UNION	1,196	845	1,001
RIVERVIEW	RIVERVIEW COMMUNITY EMPLOYEES CREDIT UNION	1,197	861	994
ROCHESTER	ROCHESTER SCHOOLS CREDIT UNION	9,126	5,788	8,628
ROCKWOOD	CHRISTIAN COMMUNITY CREDIT UNION	305	212	259
ROGERS CITY	CALCITE CREDIT UNION	9,294	5,845	8,174
ROMEO	M P G CREDIT UNION	1,799	743	1,659
ROMULUS	KERR EMPLOYEES CREDIT UNION	666	652	554

STATE CHARTERED CREDIT UNIONS AS OF DECEMBER 31, 1986

(000's Omitted)

City	Name of Credit Union	Total Assets	Total Loans	Total Shares and Deposits
ROSCOMMON	NORTH CENTRAL AREA CREDIT UNION	$ 16,703	$ 9,990	$ 14,897
ROSEVILLE	ARC CREDIT UNION	4,112	2,001	3,919
ROSEVILLE	SERF CREDIT UNION	24,886	18,695	23,311
ROSEVILLE	SERVITOR CREDIT UNION	6,102	4,341	5,556
ROSEVILLE	ST. ANGELA PARISH CREDIT UNION	4,246	2,177	3,912
ROYAL OAK	ROME CREDIT UNION	4,737	2,481	4,442
ROYAL OAK	ROYAL OAK COMMUNITY CREDIT UNION	28,170	19,855	26,550
ROYAL OAK	ROYAL OAK SCHOOLS CREDIT UNION	19,252	7,454	17,847
ROYAL OAK	ST. MARY'S OF ROYAL OAK PARISH CREDIT UNION	4,296	3,364	4,085
ROYAL OAK	UNITED CHRISTIAN COMMUNITY CREDIT UNION	5,191	4,264	4,876
RUDYARD	RUDYARD-PICKFORD CO-OP CREDIT UNION	4,348	1,838	4,149
SAGINAW	AMALGAMATED CREDIT UNION	15,233	9,841	12,612
SAGINAW	BAKER PERKINS EMPLOYEES CREDIT UNION	2,347	1,628	2,272
SAGINAW	COMMUNICATIONS FAMILY CREDIT UNION	109,312	52,913	97,107
SAGINAW	EDUCATION EMPLOYEES CREDIT UNION OF SAGINAW	35,667	15,351	32,397
SAGINAW	HOLY SPIRIT PARISH CREDIT UNION	4,769	3,880	4,210
SAGINAW	LAKE HURON CREDIT UNION	9,291	3,228	8,527
SAGINAW	SAGINAW C. P. EMPLOYEES CREDIT UNION	10,012	3,804	9,580
SAGINAW	SAGINAW COUNTY EMPLOYEES CREDIT UNION	9,016	4,853	8,575
SAGINAW	SAGINAW EATON CREDIT UNION	13,883	4,757	12,545
SAGINAW	SAGINAW FARM BUREAU CREDIT UNION	5,638	2,344	5,287
SAGINAW	SAGINAW MUNICIPAL EMPLOYEES CREDIT UNION	16,027	8,519	14,573
SAGINAW	SAGINAW NEWS EMPLOYEES CREDIT UNION	846	454	699
SAGINAW	SEVERANCE EMPLOYEES CREDIT UNION	296	277	249
SAGINAW	UNITED SAGINAW CREDIT UNION	10,346	6,696	9,804
SAGINAW	VALLEY STATE EMPLOYEES CREDIT UNION	6,349	4,523	5,944
SAULT STE MARIE	CHIPPEWA COUNTY EMPLOYEES CREDIT UNION	3,297	2,181	2,883
SAULT STE MARIE	FEDERAL EMPLOYEES OF CHIPPEWA CO. CREDIT UNION	1,244	753	1,127
SAULT STE MARIE	SAULT STE. MARIE MUNICIPAL EMPLOYEES CREDIT UNION	426	397	384
SAULT STE MARIE	SOO CO-OP CREDIT UNION	15,927	11,355	14,628
SOUTHFIELD	BAYANIHAN CREDIT UNION	128	13	121
SOUTHFIELD	CENTRAL CREDIT UNION OF MICHIGAN	1,203,671	14,149	1,170,148
SOUTHFIELD	COVENANT CREDIT UNION	6,671	3,655	6,377
SOUTHFIELD	DETROIT FEDERAL EMPLOYEES CREDIT UNION	47,883	22,211	45,062
SOUTHFIELD	FTD EMPLOYEES CREDIT UNION	434	140	415
SOUTHFIELD	IMMACULATE HEART OF MARY PARISH CREDIT UNION	3,632	2,254	3,226
SOUTHFIELD	MICHIGAN SERVICES CREDIT UNION	7,276	3,395	6,785
SOUTHFIELD	PROVIDENCE HOSPITAL EMPLOYEES CREDIT UNION	6,475	3,182	5,726
SOUTHFIELD	TELCOM CREDIT UNION	88,240	56,296	80,200
SOUTHGATE	DETROIT PEERLESS EMPLOYEES CREDIT UNION	421	198	376
SPARTA	ROGUE RIVER COMMUNITY CREDIT UNION	4,229	2,822	3,717

STATE CHARTERED CREDIT UNIONS AS OF DECEMBER 31, 1986

(000's Omitted)

City	Name of Credit Union	Total Assets	Total Loans	Total Shares and Deposits
SPRING LAKE	WEST GRAND RIVER COMMUNITY CREDIT UNION	$ 867	$ 746	$ 808
ST JOSEPH	LAKELAND CREDIT UNION	12,294	7,769	11,018
ST. JOSEPH	BERRIEN TEACHERS CREDIT UNION	28,117	18,144	26,633
ST. JOSEPH	HEATH EMPLOYEES CREDIT UNION	10,186	7,163	9,563
ST. JOSEPH	LAKE-VIEW CREDIT UNION	980	644	893
STANDISH	STANDISH COMMUNITY CREDIT UNION	1,505	1,227	1,397
STERLING HEIGHTS	VANDYKE INDUSTRIAL PARK CREDIT UNION	5,121	3,099	4,604
STERLING HTS	STERLING-VAN DYKE CREDIT UNION	14,185	8,739	12,273
TAWAS CITY	D. AND M. CREDIT UNION	663	393	564
TAWAS CITY	NATIONAL GYPSUM EMPLOYEES CREDIT UNION	1,168	933	1,082
TAYLOR	D. T. & I. EMPLOYEES CREDIT UNION	6,313	2,092	5,829
TAYLOR	ST. CYRIL AND ST. PASCHAL CREDIT UNION	3,573	2,555	3,365
TAYLOR	TAYLOR COMMUNITY CREDIT UNION	21,383	7,842	20,040
TECUMSEH	TLC COMMUNITY CREDIT UNION	40,080	24,221	36,704
TEMPERANCE	MT. CARMEL CREDIT UNION	246	157	234
TRAVERSE CITY	BURWOOD CREDIT UNION	400	292	331
TRAVERSE CITY	GOVERNMENTAL EMPLOYEES CREDIT UNION	20,726	16,503	17,110
TRAVERSE CITY	T.C.I.W. CREDIT UNION	1,921	1,494	1,783
TRAVERSE CITY	TBA EDUCATION CREDIT UNION	10,026	7,602	9,335
TRAVERSE CITY	TRADES CREDIT UNION	1,572	1,262	1,522
TRENTON	TRENTON GOVERNMENTAL EMPLOYEES CREDIT UNION	12,214	6,211	11,532
TRENTON	TRENTON RESINS CREDIT UNION	398	276	356
TROY	T & I DIVISION CREDIT UNION	28,223	12,494	25,492
UNION LAKE	ST. PATRICK CREDIT UNION	391	296	351
UTICA	ST. LAWRENCE COLUMBUS CREDIT UNION	7,173	3,418	6,803
WARREN	BI-COUNTY CATHOLIC CREDIT UNION	4,595	1,051	4,105
WARREN	E.M.I. EMPLOYEES CREDIT UNION	488	387	410
WARREN	FUTURE CREDIT UNION OF DETROIT	14,555	6,007	13,939
WARREN	MACOMB COUNTY POSTAL EMPLOYEES CREDIT UNION	558	474	467
WARREN	MULTI-PARISH CREDIT UNION	512	394	488
WARREN	ST. CLETUS CREDIT UNION	2,373	1,613	2,157
WARREN	ST. LEONARD'S PARISH CREDIT UNION	520	375	450
WARREN	ST. MARK'S CREDIT UNION	1,391	863	1,292
WARREN	ST. SYLVESTER PARISH CREDIT UNION	1,242	658	1,101
WARREN	TEK-NI-KAL CREDIT UNION	7,841	5,858	7,222
WATERFORD	UNITED FAMILY CREDIT UNION	5,854	3,540	5,342
WEIDMAN	MORBARK EMPLOYEES CREDIT UNION	420	234	403
WEST BRANCH	OGEMAW COMMUNITY CREDIT UNION	6,643	3,452	6,049
WESTLAND	C & S CREDIT UNION	19,210	12,923	17,223
WESTLAND	ELOISE CREDIT UNION	8,570	6,069	7,312
WHITE PIGEON	EDDY PAPER EMPLOYEES CREDIT UNION	351	262	294

STATE CHARTERED CREDIT UNIONS AS OF DECEMBER 31, 1986

(000's Omitted)

City	Name of Credit Union	Total Assets	Total Loans	Total Shares and Deposits
WHITEHALL	HOWMET EMPLOYEES CREDIT UNION	$ 14,204	$ 9,107	$ 12,819
WHITEHALL	WHITEHALL LEATHER EMPLOYEES CREDIT UNION	319	163	268
WOODHAVEN	E & L TRANSPORT EMPLOYEES CREDIT UNION	429	272	367
WYANDOTTE	DOWNRIVER SCHOOL EMPLOYEES CREDIT UNION	11,623	7,024	10,681
WYANDOTTE	PENNWALT EMPLOYEES CREDIT UNION	800	640	688
WYOMING	ALLIED EMPLOYERS CREDIT UNION	2,965	2,476	2,648
WYOMING	AMERICAN BOX BOARD COMPANY EMPLOYEES' CREDIT UNION	1,020	782	840
WYOMING	EMPLOYEES OF KEEBLER COMPANY'S G. RAPIDS BAKERY CREDIT UNION	1,348	859	1,227
WYOMING	METROPOLITAN HOSPITAL CREDIT UNION	582	398	532
WYOMING	MULTI-PRODUCTS CREDIT UNION	27,597	19,422	24,868
WYOMING	SPARTAN STORES CREDIT UNION	3,829	2,629	3,621
WYOMING	STEELCASE EMPLOYEES CREDIT UNION	34,376	16,541	30,913
WYOMING	TRANSPORT AFFILIATED COMPANIES CREDIT UNION	3,818	2,873	3,571
YPSILANTI	EASTERN MICHIGAN UNIVERSITY CREDIT UNION	3,554	1,422	3,098

OFFICE OF POLICY AND CONSUMER AFFAIRS

MURRAY E. BROWN
Deputy Commissioner

The Office of Policy and Consumer Affairs formerly was composed of three divisions, the Consumer Finance, Policy and Urban Investment Divisions. The Policy and Urban Investment Divisions were combined in 1986 and renamed the Research and Urban Investment Division.

The Consumer Finance Division regulates the activities of licensees under the Business and Industrial Development Corporation Act, Regulatory Loan Act of 1963, Motor Vehicle Sales Finance Act, Secondary Mortgage Act, Credit Card Act and Sale of Checks Act.

The Research and Urban Investment Division is responsible for research, the analysis and development of legislation which affects financial institutions or the users of financial services, promulgation of administrative rules, and publication of the Bureau's annual report. The Division administers the consumer education activities of the Bureau, and administers and enforces the provisions of Michigan's Mortgage Anti-Redlining Law (Public Act No. 135 of 1977).

RESEARCH AND URBAN INVESTMENT DIVISION

Peggy Bryson
Director

Marian Kummerl
Program Analyst

Peter Kuhnmuench
Policy Analyst

Russell LaCoursier
Economic Analyst

Marcia Miller
Policy Analyst

The Research and Urban Investment Division is responsible for the analysis and development of legislation which affects financial institutions and users of financial services. The Division's legislative functions include the drafting of legislation, analyzing proposed legislation and testifying at legislative and public hearings. The Division administers the Bureau's rules promulgation function, coordinates its consumer education activities, and is responsible for handling consumer complaints and inquiries involving such topics as usury, due-on-sale clauses, mortgage escrow accounts and electronic funds transfer services.

The Research and Urban Investment Division is also responsible for the administration and enforcement of Michigan's Anti-Redlining Law (Public Act No. 135 of 1977). This act prohibits geographic discrimination in mortgage and home improvement lending and requires lenders to disclose annually, by census tract or ZIP code, mortgage and home improvement loans made, the average contract terms for these loans, the total number of loan applications denied, the reasons for denial, and the number of mortgage foreclosures which occurred during the previous year.

Major Legislative Projects

The Division played a major role in the negotiations on and the drafting of the Credit Union Act modernization bill, the BIDCO Act, and the Sale of Checks Act modernization bill. For a detailed description of this legislation, see "Significant Developments."

Other projects undertaken by the Research and Urban Investment Division during 1986 include the development of legislation which would regulate first mortgage companies by providing for licensing, examination, and bonding requirements, and the drafting of legislation to amend the Savings and Loan Act of 1980 to allow for the formation of state-chartered savings banks. Finally, the Division provided staff support for the Omnibus Licensing Advisory Committee, alluded to earlier, which examined the concept of multiple-activity licensing and made recommendations (not final as of 12-31-86) for implementation of this proposal.

Consumer Activities

The Division's consumer education function is carried out in several ways. It provides speakers to address consumer groups, coordinates the Bureau's handling of consumer complaints and inquiries involving financial institutions, and publishes brochures and fact sheets on financial topics.

Although the Division published no new brochures in 1986, it updated its table, Michigan Statutory Interest Rate Ceilings, to incorporate changes in state and federal law. The Division also updated and reprinted its brochure "Mortgage Review Boards - How They Can Help You!" Brochures previously published by the Division include: "What You Should Know About Mortgage Escrow Accounts," "Taking Interest in Your Savings," "How to Shop for Credit," "Bank Credit Cards and Average Daily Balance," and "Mortgage Redlining - Your Rights and Responsibilities."

In 1986, the four regulatory divisions and the Research and Urban Investment Division were responsible for responding to consumer questions and complaints about financial institutions and unregulated creditors. Table I represents the industry breakdown of the complaints and inquiries handled in 1985 and 1986. In 1986, the Bureau handled or responded to 545 consumer complaints and inquiries, down 245 from 1985. Table II gives the most frequent categories of complaints and inquiries in 1986. Usury was the most common topic of inquiry, largely due to the complexity of the state and federal interest rate ceilings. The number of usury-related inquiries in 1986 was 127 as compared to 243 recorded in 1985.

TABLE I

Number of Complaints and Inquiries Received By Industry Group

Industry Group	Complaints		Inquiries		Total	
	1985	1986	1985	1986	1985	1986
Banks	129	117	112	62	241	179
Credit Unions	65	70	55	6	120	76
Savings & Loans	8	46	16	24	24	70
Motor Vehicle Licensees	3	1	0	2	3	3
Regulatory Loan Licensees	0	0	2	0	2	0
Secondary Mortgage Licensees	0	0	4	1	4	1
Sale of Checks Licensees	0	0	0	0	0	0
Retailers, Mortgage Companies and Others	15	17	381	199	396	216
TOTALS	220	251	570	294	790	545

TABLE II

Most Frequent Types of Complaints and Inquiries Received During 1986

	Category	Complaints	Inquiries	Total
1.	Usury	2	125	127
2.	Mortgages (General)	31	18	49
3.	Checking Accounts	27	5	32
4.	Credit Cards	15	14	29
5.	Interest and Late Charges - Loans	5	16	21
6.	NSF and Service Charges	19	2	21
7.	Savings and Time Accounts	17	4	21

Redlining Workshops

To assist institutions in the timely filing of the disclosure reports required by 1977 PA 135 and 1979 PA 88, the Bureau conducted four half-day workshops, one each in Southfield, Lansing, Gaylord and Marquette. The workshops provided training in the completion of the necessary forms. Approximately 500 persons attended the four workshops.

Plans for the Future

In the coming year, the Division will commence publication of a quarterly newsletter targeted toward financial institutions. The newsletter will convey information about new laws and rules, Attorney General opinions, significant court rulings, staff changes, and research projects, among other subjects.

As mentioned earlier, the Division also is coordinating an effort to produce a monthly television program to address consumers' questions and concerns about financial services. Technical training has been provided to volunteers representing all areas of the Bureau by WELM-TV 11 of East Lansing. The program will be produced using public access facilities of this cable TV station, broadcast locally, then packaged for use by other cable TV stations, consumer groups, and educational institutions.

Home equity lending has assumed new prominence in light of recent revisions in the federal tax code which phase out tax deductions for virtually all consumer debt except home mortgages. The number and variety of home equity loans available has created confusion for many potential borrowers. The Division plans to develop a brochure that will help consumers identify the pros and cons of such loans and choose among the loan programs offered.

CONSUMER FINANCE DIVISION

John Drury
Director

Michael Gomez
Examiner

Barbara L. Strefling
Examiner

Roger H. Lonsway
Examiner

Todd C. Troutman
Examiner

Regulatory Loan Act

At year-end 1986, 70 regulatory loan companies were licensed, unchanged from year-end 1985. Six new licenses were issued during the year, five were canceled, and Commissioner Kuthy revoked the license of one company in accordance with Section 9 of the Regulatory Loan Act.

Net loans receivable on December 31, 1986 stood at $93,451,000, or $4,277,000 over year-end 1985. Industry gross operating income in 1986 increased to $19,070,000, up from $17,760,000 in 1985, and 1986 net losses decreased to $860,000 from $1,410,000 in 1985.

Fifty-four licensees were examined during the year, resulting in refunds to consumers of $14,000.

Secondary Mortgage Act

There were 79 licensees at year-end 1986, a net gain of three from year-end 1985. Twenty licenses were issued during the year and 17 were canceled. Seventy-six examinations were conducted during 1986, resulting in 30 consumers receiving refunds totalling $13,857 because of overcharges.

At year-end, licensees reported 8,143 second mortgage accounts and $114,478,917 outstanding, which represents a gain of 90 accounts and $35,201,039, over 1985. Licensees reported only seven foreclosures in 1986 compared to 30 in the previous year. The interest rates charged on second mortgages during 1986 ranged from a low of 8% to a high of 18%. The average rate charged was 12.76%.

In 1986, Commissioner Kuthy issued two declaratory rulings interpreting Title VIII of the Garn-St. Germain Depository Institutions Act of 1982, entitled "Alternative Mortgage Transaction Parity Act of 1982" and the regulations issued thereunder. The Commissioner, in his ruling, opined that adjustable rate secondary mortgages were allowed as well as open-end lines of credit secured by second mortgages. The latter establishes a real estate-secured line of credit a consumer can draw on as needed, without incurring the expense of refinancing each time additional monies are borrowed.

In conjunction with Attorney General Frank J. Kelley, a settlement was entered into with the Trustee in bankruptcy and creditors of a bankrupt mortgage company that was licensed under this Act. The settlement, which was approved by the bankruptcy judge on July 21, 1986, gave 196 consumers immediate relief approximating $970,000 on their mortgages, in addition to several individual settlements worked out with the Trustee totaling over $105,000. In addition these consumers may realize potential future savings on their mortgage indebtedness of $3 million.

Credit Card Act

The Credit Card Act provides for the licensing and examination of non-depository issuers of credit cards. It also permits an annual membership fee and a rate of interest not to exceed 1.5% per month on the unpaid balance. There were no licensees under this act at year-end 1986.

Sale of Checks Act

The Sale of Checks Act regulates the sale and issuance of travelers checks and money orders by entities other than state or national banks, or state or federal credit unions and savings and loan associations.

On July 31, 1986, Commissioner Kuthy was appointed temporary receiver of NWFX, Inc. a sale of checks licensee, in Ingham County Circuit Court. On August 1, 1986, the company filed a Chapter XI Bankruptcy petition in Arkansas and a bankruptcy trustee was appointed. Purchasers of dishonored money orders issued by NWFX, Inc., were given until February 15, 1987, to file claims with the Trustee for reimbursement. It is estimated that Michigan residents have claims of approximately $1.5 million against the estate.

Amendments to the Sale of Checks Act were signed into law (Public Act 275) on December 18, 1986. These amendments strengthened the act in many areas, the most important being an increase in the bonding requirements from a minimum of $50,000 and a maximum of $100,000, to $100,000 and $250,000, respectively. In addition, the net worth required of licensees was increased from $25,000 to $100,000.

At year-end, there were 15 licensees which had 7,252 agents and sold instruments in Michigan totaling $2,348,919,648 in 1986. Three examinations were conducted and 12 certified annual audits were accepted in lieu of examination.

Michigan Business and Industrial Development Corporations (BIDCO) Act

The BIDCO Act provides for the licensing and regulation of a new type of non-depository financial institution known as a business and industrial development corporation, or BIDCO. The legislation was signed into law on May 1, 1986, and is designed to promote economic development by encouraging the formation of BIDCOs to help provide financing and management assistance to business firms in the state.

BIDCOs are structured to help fill the financing gap that exists between the low-risk, low-return financing traditionally offered by banks, and the high-risk, high-return investments undertaken by venture capitalists. BIDCOs are able to provide a variety of flexible financing programs to businesses, including loans, straight equity investments, and debt with equity features. At year-end 1986, applications had been received but no licenses had been issued.

Motor Vehicle Sales Finance Act

The Motor Vehicle Sales Finance Act is a comprehensive law providing for the licensing and regulation of companies engaged in the preparation or sale of contracts for the purchase of automobiles, as well as the financial institutions that buy the installment sales contracts. It provides protection for consumers by regulating auto dealers which finance the cars they sell and the sales finance companies purchasing the installment sale contracts.

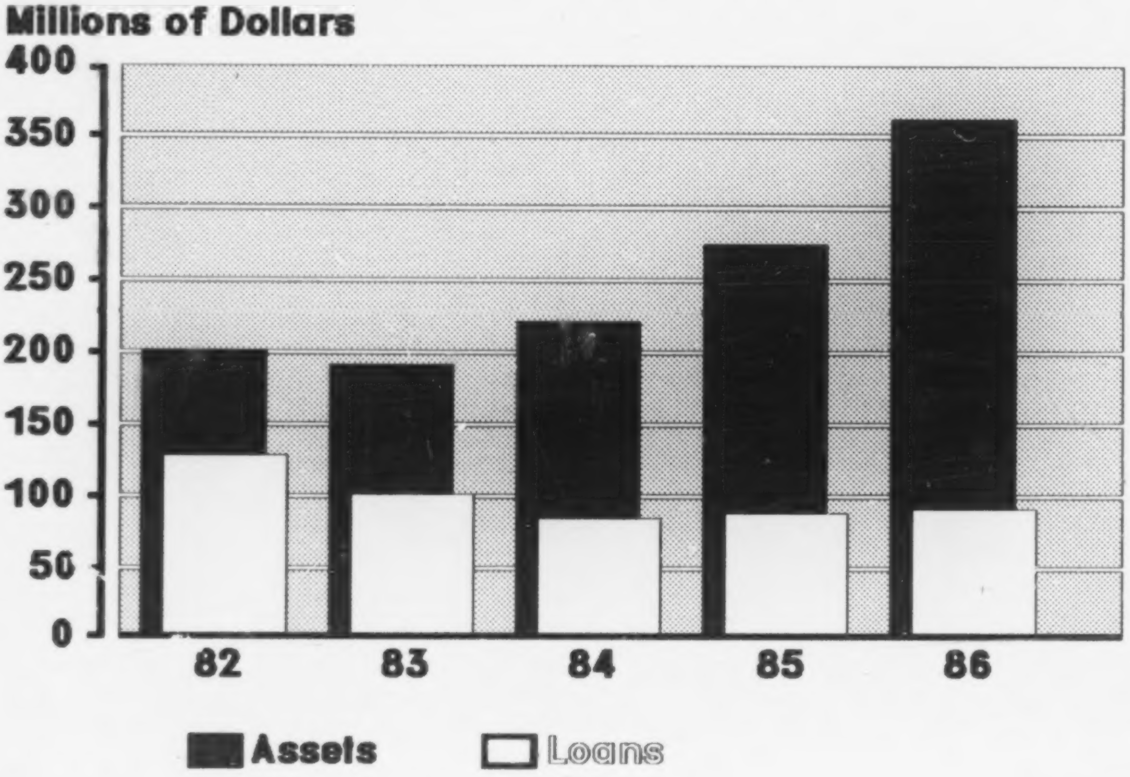
At year-end 1986, there were 1,805 installment sellers licensed in Michigan, an increase of 56 over 1985. Sales finance company licensees, which include state and national banks and state and federal savings & loan associations, declined from 1,868 to 1,817.

At the close of the year, sales finance companies reported a substantial increase in the number of vehicles financed over 1985 levels. The average amount financed on motor vehicle installment sale contracts increased to $7,559, compared with an average of $6,544 reported in 1985. The low interest rates offered, (which were zero in some instances due to dealer participation), combined with the strong Michigan economy, resulted in an increase from $7,578,428,647 financed in 1985 to over $10 billion in 1986.

There were 26 investigations and examinations conducted during the year, which resulted in 1,399 Michigan consumers receiving refunds totaling $142,345.

During the summer, Commissioner Kuthy initiated a self-examination questionnaire program which was mailed to approximately 30% of the installment seller licensees. The results of the questionnaire program showed that over 50% of the installment sellers reporting were in violation of the act. This indicates a very significant problem in the motor vehicle financing area. The Consumer Finance Division has been unable to enforce the provisions of the act due to a lack of resources. The results of the questionnaire will be beneficial to the Bureau in developing future enforcement techniques to regulate licensees.

COMPARATIVE CHART OF ASSETS AND LOANS OF REGULATORY LOAN LICENSEES IN MICHIGAN



CONSOLIDATED BALANCE SHEET

Regulatory Loan Licensees

(000's Omitted)

	December 31, 1985 70 Licensees	December 31, 1986 70 Licensees	Percent Increase (Decrease)
ASSETS			
Cash on hand and in banks	$ 573	$ 518	(9.6)%
Loans receivable	89,174	93,451	4.8
Real estate (less depreciation)	0	0	---
Furniture, fixtures and equipment (less depreciation)	0	0	---
Deferred charges and prepaid expenses	103	110	6.8
Other assets	1,617	1,836	13.5
Total Assets used in Regulatory Loan Business	91,467	95,915	4.9
Other Assets not used in Regulatory Loan Business	183,305	263,960	44.0
TOTAL ALL ASSETS	$274,772	$359,875	31.0
LIABILITIES AND CAPITAL			
Accounts and notes payable:			
Banks	6,096	3,477	(43.0)%
Due parent company or affiliate	51,716	68,134	31.8
Other short term notes and accounts	9,078	17,395	91.6
Bonds and long term notes	8,881	16,631	87.3
Other Liabilites:			
Accrued expenses	370	586	58.4
Dealer reserves	798	945	18.4
Other	67	715	967.4
Expense reserves:			
Reserves for licenses and taxes	334	218	(34.7)
Other expense reserves	323	55	(83.0)
Reserve for bad debts	1,012	946	(6.5)
Branch office capital	184,408	236,169	28.1
Net worth	170	272	60.0
Capital Stock:			
Preferred	777	765	(1.5)
Common	1,061	706	(33.5)
Appropriated surplus or capital reserves	4,329	5,352	23.6
Earned surplus (including undivided profits)	5,352	7,509	40.3
TOTAL LIABILITIES AND CAPITAL	$274,772	$359,875	31.0

CONSOLIDATED STATEMENT OF OPERATIONS

Regulatory Loan Licensees

(000's Omitted)

	1985	1986	Percent Increase (Decrease)
INCOME			
Charges collected and/or earned	$15,924	$17,398	9.3%
Collections on accounts previously charged off	1,662	1,541	(7.9)
Net income from credit insurance.	0	0	---
Other income	178	129	(27.5)
Total income derived from Regulatory Loan Business	$17,764	$19,068	7.3
EXPENSE			
Advertising	$ 321	$ 411	28.0
Amortization	0	0	---
Auditing	52	45	(13.5)
Bad debts:			
Charge offs	1,390	1,733	24.7
Additions to reserve for bad debts	403	616	52.9
Depreciation (furniture, fixtures and equipment)	238	274	15.1
Insurance and fidelity bonds	77	100	29.9
Interest on borrowed funds	7,416	7,486	.9
Legal fees and disbursements	279	296	6.1
Postage and express	914	219	(76.6)
Printing, stationery and supplies	169	188	11.2
Rent, heat, light and janitor services	477	482	1.1
Salaries	3,694	4,082	10.5
Home office, parent company or management allocated charges	3,311	4,084	23.4
Licenses and taxes other than on income	182	195	7.1
Telephone and telegraph	318	283	(11.0)
Travel, automobile expense and allowance	74	82	10.8
Other expenses	524	453	(13.6)
Less total expenses of conducting Regulatory Loan Business (excluding income taxes)	$19,839	$21,029	6.0
Income before income taxes	($ 2,075)	($ 1,961)	5.5
Less income taxes	(668)	(1,113)	66.6
Net income derived from Regulatory Loan Business	($ 1,407)	($ 848)	39.7
Total income derived outside Regulatory Loan Business	$31,112	$42,552	36.8
Less expense (including interest on borrowed funds and income taxes)	27,384	36,687	34.0
Net income outside Regulatory Loan Business	$ 3,728	$ 5,865	57.3
NET INCOME	$ 2,321	$ 5,017	116.2

COMPARATIVE STATISTICAL DATA

Regulatory Loan Licensees

1977 - 1986

Year	Total Regulatory Loan Licenses	National Companies (1 or more Offices)	Domestic Companies (1 or more Offices)	New Licenses	Licenses Cancelled	Assets*	Loans* Outstanding	Reserve for Bad Debts*	Average Number of Open Accounts	Average Annual Expense per Account
1977	387	329	58	12	40	$408,419	$332,526	$9,788	376,552	$113.88
1978	375	321	54	43	55	435,085	341,166	9,557	379,277	112.98
1979	350	303	47	29	54	515,063	422,111	10,885	365,658	127.37
1980	271	229	42	23	102	420,187	342,213	8,370	329,028	129.81
1981	165	133	32	2	108	303,003	231,386	6,502	261,054	121.82
1982	104	76	28	8	69	195,952	138,111	4,909	161,560	140.09
1983	88	62	26	3	19	190,994	100,331	2,047	102,758	175.39
1984	72	49	23	32	48	220,282	83,605	1,242	70,371	160.26
1985	70	48	22	2	5	274,772	89,174	1,013	65,681	168.35
1986	70	51	19	6	6	359,875	93,451	946	62,876	197.67

*(000's Omitted)

COMPARATIVE SUMMARY OF LOANS OUTSTANDING AND EARNINGS

Regulatory Loan Licensees

1972 - 1986

(000's Omitted)

Year	Number of Licenses	Loans Outstanding December 31	Average Invested Assets	Total Gross Earnings	Net Earnings Before Interest Paid	Gross Earnings to Average Invested Assets	Net Earnings* to Average Invested Assets	Net Earnings**	Net Earnings** to Average Invested Assets
1972	597	$395,161	$397,046	$74,381	$23,991	$18.73	$6.04		
1973	593	412,374	433,592	81,820	30,272	18.87	6.98		
1974	550	391,783	445,643	83,432	31,116	18.72	6.98		
1975	461	349,687	406,339	74,904	23,853	18.43	5.87		
1976	415	326,921	356,701	68,222	22,292	19.13	6.25		
1977	387	332,526	351,956	67,324	24,442	19.13	6.94	$2,113	0.60%
1978	375	341,166	358,333	69,277	26,427	19.33	7.38	1,523	0.42
1979	350	422,111	401,148	77,141	31,298	19.23	7.80	(1,322)	(0.33)
1980	271	342,213	402,574	74,500	31,790	18.51	7.90	(5,332)	(1.32)
1981	165	231,386	302,724	56,803	25,001	18.76	8.26	(8,311)	(2.75)
1982	104	138,111	177,188	32,466	9,834	18.32	5.55	(6,240)	(3.52)
1983	88	100,331	109,377	24,259	6,237	22.18	5.70	526	0.48
1984	72	83,605	99,313	18,208	6,931	18.33	6.98	202	0.20
1985	70	89,174	92,493	17,764	6,009	19.21	6.50	(1,407)	(1.52)
1986	70	93,451	100,584	19,068	6,638	18.96	6.60	(848)	(.84)

*Before interest paid
**After interest paid

AVERAGE INVESTED ASSETS - BASE FOR DETERMINING PROFIT PERCENTAGES

Regulatory Loan Licensees

	1985	1986
Total assets	$90,472,157	$94,968,517
Total assets from home office	7,012,078	8,715,737
Other assets	0	0
Total	$97,484,235	$103,684,254
Average invested assets	$92,493,043	$100,584,245
Percent of gross earnings derived from Regulatory Loan Business to average invested assets	19.21%	18.96%
Percent of net earnings derived from Regulatory Loan Business, before deducting gross cost of borrowed funds, to average invested assets	6.50%	6.60%

ANALYSIS OF EXPENSE PER ACCOUNT

Regulatory Loan Licensees

	1985 Loans $3,000 or less	1986 Loans $3,000 or less
Total operating income	$17,764,066	$19,067,619
Less: Net income before deducting interest on borrowed funds	6,706,560	6,638,781
Total expenses of conducting Regulatory Loan Business	$11,057,506	$12,428,838
Average number of accounts	65,681	62,876
Average annual expense per account	$ 168.35	$ 197.67
Average monthly expense per account	$ 14.03	$ 16.47

EXAMINATIONS, VIOLATIONS AND COMPLAINTS

Regulatory Loan Licensees

	Examinations	Violations of Laws Detected During Examinations	Violations of Rules Detected During Examinations	Consumer Complaints
1982	151	304	341	32
1983	92	160	212	13
1984	77	322	176	6
1985	67	301	101	6
1986	55	353	97	8

SECONDARY MORTGAGE LICENSEES

	1985	1986
Number of licenses	76	79
Number of new licenses issued . . .	5	20
Number of licenses cancelled . . .	5	17
Number of examinations conducted . .	74	76
Number of complaints	4	5

SALE OF CHECKS LICENSEES

	1982	1983	1984	1985	1986
Number of licenses	16	15	15	17	15
Number of new licenses issued . .	0	4	1	3	0
Number of checks sold	16,618,857	22,841,126	26,132,027	25,378,231	28,580,847
Amount of checks sold	$1,018,836,854	$1,285,368,252	$1,530,489,500	$1,369,121,359	$2,348,919,648
Number of examinations	2	3	2	2	3

MOTOR VEHICLE LICENSEES

	1982	1983	1984	1985	1986
Number of sales finance licenses	1,891	1,937	1,939	1,868	1,817
Number of installment seller licenses	1,764	1,746	1,745	1,749	1,806
Number of new sales finance licenses issued	60	119	74	62	143
Number of new installment seller licenses issued	138	170	185	209	254
Number of complaints	24	7	15	23	31

REGULATORY LOAN LICENSEES as of December 31, 1986

Name of Licensee	**City**
American Fletcher Financial Services, Inc.	Adrian
Pacesetter Financial Services, Inc.	Albion
Household Finance Corporation III	Allen Park
Manufacturers Hanover Consumer Services, Inc.	Ann Arbor
American Fletcher Financial Services, Inc.	Battle Creek
Household Finance Corporation III	Battle Creek
Michigan Loan Company of Battle Creek	Battle Creek
Household Finance Corporation III	Bay City
Community Finance Company	Benton Harbor
Pacesetter Financial Services, Inc.	Big Rapids
BarclaysAmerican/Financial, Inc.	Bingham Farms
Household Finance Corporation III	Burton
Oliver Credit Corporation	Burton
Oliver Credit Corporation	Caro
American Fletcher Financial Services, Inc.	Coldwater
Household Finance Corporation III	Dearborn
BarclaysAmerican/Financial, Inc.	Dearborn Heights
American Fletcher Financial Services, Inc.	Dowagiac
Household Finance Corporation III	East Detroit
Household Finance Corporation III	Farmington
Household Finance Corporation III	Ferndale
BarclaysAmerican/Financial, Inc.	Flint
Baxter Finance Corporation	Flint
Household Finance Corporation III	Flint
Smith Loans, Inc.	Flint
Walter C. Wylie & Co.	Flint
Kearney Credit Incorporated	Fraser
American Fletcher Financial Services, Inc.	Grand Rapids
Chrysler First Financial Services Corporation	Grand Rapids
Fleet Finance, Inc.	Grand Rapids
Household Finance Corporation III	Grand Rapids
Walter C. Wylie & Co.	Hancock
American Fletcher Financial Services, Inc.	Hillsdale
American Fletcher Financial Services, Inc.	Holland
Pacesetter Financial Services, Inc.	Holland
Oliver Credit Corporation	Howell
Walter C. Wylie & Co.	Ishpeming
Household Finance Corporation III	Jackson
American Fletcher Financial Services, Inc.	Lansing
Chrysler First Financial Services Corporation	Lansing
Household Finance Corporation III	Lansing
Oliver Credit Corporation	Lansing
Oliver Credit Corporation	Lapeer
Ude Loans, Inc.	Lapeer
Chrysler First Financial Services Corporation	Livonia
Household Finance Corporation III	Livonia
Walter C. Wylie & Co.	Marquette
Household Finance Corporation III	Monroe
Household Finance Corporation III	Mt. Clemens
Household Finance Corporation III	Muskegon
Muskegon Loan Co.	Muskegon
American Fletcher Financial Services, Inc.	Paw Paw
Manufacturers Hanover Consumer Services Inc.	Pontiac
Household Finance Corporation III	Pontiac
Chrysler First Financial Services Corporation	Portage
Household Finance Corporation III	Portage
Household Finance Corporation III	Port Huron
Capital Acceptance Corporation	Redford
Household Finance Corporation III	Roseville
Household Finance Corporation III	Royal Oak
Household Finance Corporation III	Saginaw
Walter C. Wylie & Co.	Sault Ste. Marie
Credit Acceptance Corporation	Southfield
Fleet Finance, Inc.	Southfield
Household Finance Corporation III	Sterling Heights
Household Finance Corporation III	Westland
Household Finance Corporation III	Wyandotte
Household Finance Corporation III	Wyoming
Household Finance Corporation III	Ypsilanti
Quality Credit Co. of Zeeland, Michigan, Inc.	Zeeland

SECONDARY MORTGAGE LICENSEES as of December 31, 1986

Name of Licensee	City
American Fletcher Financial Services, Inc.	Adrian
Household Realty Corporation	Allen Park
Manufacturers Hanover Consumer Services, Inc.	Ann Arbor
First Union Mortgage Corporation	Ann Arbor
Triad Mortgage Corporation	Ann Arbor
American Fletcher Financial Services, Inc.	Battle Creek
Household Realty Corporation	Battle Creek
Household Realty Corporation	Bay City
Andrews University	Berrien Springs
BarclaysAmerican/Financial, Inc.	Bingham Farms
First Union Mortgage Corporation	Birmingham
Merrill Lynch Huntoon Paige, Inc.	Birmingham
Oak Hills Mortgage Corporation	Bloomfield Hills
Oliver Credit Corporation	Burton
Oliver Credit Corporation	Caro
American Fletcher Financial Services, Inc.	Coldwater
Household Realty Corporation	Dearborn
BarclaysAmerican/Financial, Inc.	Dearborn Heights
Vernick Finance Company dba Vernick Financial Services, Inc.	Dearborn Heights
American Fletcher Financial Services, Inc.	Dowagiac
Gehrke Mortgage Corporation	East Detroit
Household Realty Corporation	East Detroit
First Union Mortgage Corporation	East Lansing
Household Realty Corporation	Farmington
John Adams Mortgage Company	Farmington Hills
Union Mortgage Company, Inc.	Farmington Hills
Household Realty Corporation	Ferndale
BarclaysAmerican/Financial, Inc.	Flint
Household Realty Corporation	Flint
Household Realty Corporation	Flint
Kearney Credit Incorporated	Fraser
American Fletcher Financial Services, Inc.	Grand Rapids
Chrysler First Financial Services Corporation	Grand Rapids
First Union Mortgage Corporation	Grand Rapids
Fleet Mortgage Corp.	Grand Rapids
Household Realty Corporation	Grand Rapids
American Fletcher Financial Services, Inc.	Hillsdale
American Fletcher Financial Services, Inc.	Holland
Oliver Credit Corporation	Howell
Household Realty Corporation	Jackson
First Union Mortgage Corporation	Kalamazoo
American Fletcher Financial Services, Inc.	Lansing
Chrysler First Financial Services Corporation	Lansing
Household Realty Corporation	Lansing
Oliver Credit Corporation	Lansing
Oliver Credit Corporation	Lapeer
Chrysler First Financial Services Corporation	Livonia
First Union Mortgage Corporation	Livonia
Household Realty Corporation	Livonia
Household Realty Corporation	Monroe
Household Realty Corporation	Mt. Clemens
Household Realty Corporation	Muskegon
American Fletcher Financial Services, Inc.	Paw Paw
Kasco Mortgage Corporation	Pleasant Ridge
Manufacturers Hanover Consumer Services, Inc.	Pontiac
Household Realty Corporation	Pontiac
RFI, Inc.	Pontiac
Chrysler First Financial Services Corporation	Portage
Household Realty Corporation	Portage
Household Realty Corporation	Port Huron
Household Realty Corporation	Roseville
Household Realty Corporation	Royal Oak
Household Realty Corporation	Saginaw
Chrysler First Financial Services Corporation	South Bend, IN
First Union Mortgage Corporation	South Bend, IN
Sears Consumer Financial Corporation	Southfield
Citicorp Financial Center, Inc.	Southfield
Fleet Mortgage Corp.	Southfield
The Lomas and Nettleton Company	Southfield
Merrill Lynch Equity Management, Inc.	Stamford, CT
Merrill Lynch Huntoon Paige, Inc.	Stamford, CT
Merrill Lynch Pierce, Fenner & Smith Incorporated	Stamford, CT
Household Realty Corporation	Sterling Heights

OFFICE OF ADMINISTRATION

Philip F. Rooney
Director

Kathleen Simon
Assistant to Director

It is the function of the Office of Administration to direct, implement and monitor all of the Bureau's financial and personnel activities. Major administrative support units responsible to the director are the Automated Systems Division, the Reporting and Publications Division and the Computer Support Group.

REPORTING AND PUBLICATIONS DIVISION

Edward Wichman
Director

Judie Wright
Analyst

The Reporting and Publications Division is responsible for: Bureau forms control; administering and maintaining micrographics and records retention/disposal programs; monitoring travel, telecommunications, and mail/cash handling; overseeing the Bureau security system, the Bureau's portion of the Commerce newsletter, and supplies and equipment. The Division also provides assistance to the Director of the Office of Administration on special projects.

Forms Control

During 1986, the Bureau continued its efforts to maintain only those public forms which most efficiently and effectively meet guidelines established by the Paperwork Reduction Act (P.A. 133 of 1982). The Division assists Bureau personnel in ensuring that new and revised forms have simplified instructions and a streamlined format, are clear and understandable and use words appropriate to the respondent, comply with federal privacy laws and state confidentiality requirements, meet design standards established by the State Forms Administrator, and do not request information available from other sources.

Micrographics Program

The Micrographics Unit was established by the Division as a result of the growing volume of records which must be maintained by the Bureau to carry out its regulatory responsibilities. The conversion of Bureau records to microfilm has resulted in a more manageable and efficient storage and retrieval system. In addition, the microfilmed records have provided a more secure means of retaining confidential material. Duplicate copies of all microfilmed records produced by the unit are stored off site, for optimum security, where they serve as a back-up to the Bureau's working file.

Travel Program

The Division coordinates/monitors Bureau travel expenditures, state vehicle assignments, American Express corporate card system, travel advances, and citizen's complaints, disseminates information to employees and assists them with travel inquiries and problems. It encourages employees to share rides, obtain the lowest available airfare and reduce travel expenditures in other ways. Various statistical reports are produced by the Division for the Legislature and for Bureau management.

Telecommunications

It was a year of change in the telecommunications system for state offices in 1986. First, the network was converted to a new System 85 in May. At the same time, the

Michigan Department of Management and Budget began taking over responsibility for state government's telecommunications system from the Michigan Bell Telephone Company and AT&T. The Reporting and Publications Division has been kept busy training Bureau personnel on use of the new system, making changes and refining the system so that it gives the best possible service to all personnel. The Division also serves as FIB's liaison with other state offices, AT&T, and Michigan Bell.

Support Functions

Various other support functions of the Division are as follows: FIB security system, liaison for Commerce newsletter, mail and cash handling, supplies and equipment, and records retention and disposal.

AUTOMATED SYSTEMS DIVISION

Paul Tautkus
Director

Terry Hassell
ADP Examiner

David Cottrill
ADP Examiner

Patricia Marson
ADP Examiner

The responsibility of the Automated Systems Division is to evaluate the security and controls within data processing operations serving all financial institutions, whether these operations are internal to the institution or holding company or are provided by an independent corporation.

COMPUTER CENTER EVALUATIONS

The data center evaluation program was resumed by the Bureau in 1981. During calendar year 1986, 24 computer center evaluations were conducted.

The purpose of an evaluation is to apprise a financial institution's management of areas in the data processing operation where exposure exists which could lead to incorrect, interrupted or discontinued processing. This evaluation does not ascertain the validity of system design, programming or information on file. The Federal Financial Institutions Examination Council's EDP Examination Handbook is used as a guide for the evaluation. Areas reviewed during the evaluation include:

- Planning and organization
- Audit (internal and external)
- Programming procedures and controls
- Computer operations, including input and output controls
- Teller activity and controls
- Wire transfer, automated teller and credit cards
- Microcomputer usage

The Division will continue to devote its resources to the evaluation program in 1987, with additional emphasis on follow-up visitations to ensure corrective action is being taken.

Scheduling of evaluations will continue to be coordinated with the Federal Deposit Insurance Corporation, Federal Reserve System, National Credit Union Administration and the Bureau's other divisions. The Automated Systems Division alternates its evaluations of data centers, or performs evaluations jointly, with the federal regulatory agencies. This eliminates duplicate evaluations by the Bureau and federal agencies.

COMPUTER SUPPORT GROUP

Daniel Tsai
Coordinator

Kathleen Bay
Examiner

Leigh Adams
Examiner

Kathye Wollenberg
Data Systems Analyst

The Computer Support Group is responsible for developing and implementing the Bureau's microcomputer program, and for coordinating with the departmental data center to develop, implement and maintain the Bureau's data processing systems.

In 1985, the Bureau implemented a microcomputer program to provide the Bureau with the technical assistance and computer technology necessary to improve productivity. The major goals of this program are as follows:

1) To improve the efficiency and effectiveness of financial institutions examinations through the use of microcomputers in financial modeling and projection, off site surveillance, pre-examination analysis, and word processing; and

2) To achieve office automation through word processing and the automation of administrative tasks. To achieve these goals the Bureau organized a project group to conduct research and development in utilizing the microcomputer to automate the Bureau's regulatory activities wherever possible. The group has the following responsibilities:

Development and maintenance of microcomputer based systems or applications.

Providing software and hardware support to Bureau users for both microcomputers and business presentation system.

Development and implementation of microcomputer training programs for both office personnel and field examiners.

Research and development of microcomputer applications for on site examinations, off site monitoring, pre-examination analysis and financial modeling/projections.

Purchase of microcomputer software, hardware and supplies for the Bureau's use.

By year end 1986, the Bureau had purchased 26 desktop microcomputers for the central office and 14 portable micros for the field. The Bureau plans to purchase, in 1987, an additional 34 portable micros to be used by field examiners.

In 1986 the group completed the following major computer systems or projects:

The Personnel Profile System to automate the processing of personnel records and reports.

The Credit Union Examination Report Templates to facilitate the typing of examination reports.

The Bank & Trust Management Information System to facilitate the scheduling of examinations plus the generation of various reports used by division management.

The Business Presentation System to enable the Bureau to produce professional quality slides, charts, or exhibits; the system can also be used to view training tapes.

The first off site examination of a major consumer finance company.

The review of eight financial modeling/application programs developed by federal regulatory agencies and agencies of other states.

OFFICE PERSONNEL

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RUSSELL S. KROPSCHOT	Chief Deputy Commissioner
Sonya Dungey	Executive Secretary
Diana Burns	Secretary
Paulette Smith	Secretary

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Kathleen Bay	Examiner
Larry Snively	Examiner
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Janice Jennings	Secretary

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OFFICE OF ADMINISTRATION

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Sonya Dungey	Executive Secretary

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Judie Wright	Analyst
Joseph Barberio	Facilities Manager
Bertha Laskaris	Secretary
Mary Koslara	Revenue Clerk
Patricia Thelen	Microfilm Machine Operator

Automated Systems Division

Paul Tautkus	Director
Cecilia Dungey	Secretary

Computer Support Group

Daniel Tsai	Coordinator
Kathye Wollenberg	Data Systems Analyst

APPENDIX

STATE OF MICHIGAN

DEPARTMENT OF COMMERCE

FINANCIAL INSTITUTIONS BUREAU

IN RE: REQUEST BY MICHIGAN NATIONAL BANK FOR A DECLARATORY RULING ON WHETHER A LATE CHARGE FOR A DELINQUENT CREDIT CARD PAYMENT OR OTHER DEFAULT IN PAYMENT CONSTITUTES "INTEREST" OR "INTEREST AND CHARGES" AND THEREFORE IS TO BE INCLUDED IN THE CALCULATION OF THE INTEREST RATE.

____/

DECISION

Statement of Facts

Michigan National Bank (hereinafter, MNB) is a national bank organized under the National Bank Act, 12 U.S.C. 21 *et seq*, and having its principal office located in the State of Michigan. MNB and many of its Michigan customers have entered into credit card agreements by the terms of which MNB honors its customers' drafts and advances money to such customers on an open-end revolving credit basis. Under the terms and conditions of its credit card agreements and pursuant to applicable law, MNB assesses interest and charges in a combined amount of 1.5% per month computed from time to time on the unpaid balances. MNB contemplates imposing a late payment fee, in addition to the 1.5% interest and charges, for any unanticipated late payment, delinquency, or default on a credit card account. MNB indicates that the amount of the proposed late payment fee would be calculated to closely approximate the reasonable and actual costs incurred by the bank in handling delinquent accounts (hereinafter, a reasonable late charge).

The threshold question is as follows: Is MNB permitted to charge, in addition to the interest and charges of 1.5% per month on the unpaid balance which is charged to all of its credit card customers, a reasonable late charge on each of its delinquent credit card accounts.

On Monday, March 31, 1986, a letter from Mr. Rex E. Schlaybaugh, Jr. of the law firm Dykema, Gossett, Spencer, Goodnow, & Trigg representing MNB was received by Commissioner Eugene W. Kuthy. The letter requested a declaratory ruling on the above-captioned question. Accompanying, and in support of the request for a declaratory ruling, was a memorandum of law.

Statutes

The sections of law to which the threshold question applies are as follows:

1. Section 191(a) of the Banking Code of 1969, as amended, (hereinafter,

Code), MCLA 487.491(a):

> "Banks may collect interest and charges on loans as follows:
>
> (a) On any loan made pursuant to an existing credit card arrangement or other agreement existing prior to the loan whereby the bank honors the borrower's draft, pays or agrees to pay the borrower's obligations, purchases the borrower's obligation, or advances money to or for the account of the borrower, and in which the loan finance charges are not precomputed but are computed from time to time on the basis of the unpaid balances, interest, and charges in the combined amount of not to exceed 1.5% of the unpaid balance per month."

2. Section 718(3) of the Savings and Loan Act of 1980, as amended, (hereinafter, S & L Act), MCLA 491.718(3):

> "On credit card arrangements or other agreements existing before the loan which are authorized by section 704(1)(c), an association or a service corporation may charge a discount of not more than 5% of the gross amount of obligations purchased by the association and may collect simple interest on the unpaid balance in an amount not to exceed 1.5% per month."

3. Section 10(1) of the Credit Card Act, (hereinafter, CC Act), MCLA 493.110(1):

> "On any loan made or credit extended pursuant to a credit card arrangement which arrangement provides that 1/12 or more of the principal balance outstanding shall be repaid each month, a licensee may collect interest not to exceed 1.5% of the unpaid balance per month."

Discussion of Law

The authority of a lender to assess a late charge has been recognized by the courts and by the Attorney General. Generally, courts have viewed a late charge as a permissible charge assessed as a result of a delinquent payment on a loan or other extension of credit if the borrower or debtor can avoid the additional charge by making prompt payment. State Mutual Rodded Fire Insurance Company of Michigan v Randall, 232 Mich 210. The Attorney General has distinguished a late charge from an interest charge. For example, the Attorney General opined that a late charge, required under the terms of a land contract, does not constitute interest subject to the interest rate ceiling for land contracts if the charge is imposed for an unanticipated late payment or other similar occurrence. The amount of such a late charge must be reasonable, reflecting the expense of the inconvenience incurred. OAG #5904, May 15, 1981. See also OAG #5167, March 21, 1977 and OAG #6338, January 23, 1986.

MNB argues that the imposition of a late charge on credit card accounts does not constitute "interest" or "interest and charges," as applicable, under the relevant sections of law (quoted above). The late charge which MNB contemplates would be assessed only as a result of a default by the borrower. From the standpoint of the borrower, the late charge is an avoidable fee, i.e., whether a late charge will be assessed is under the control of the borrower. On the other hand, from the bank's perspective, a late charge arises from an unanticipated late payment. Unlike interest, which is assessed to all borrowers, a late charge is assessed only against a borrower who is late with a payment.

The Attorney General has opined that "in enacting 1978 PA 96 amending Section 309 of the Home Improvement Finance Act, the Legislature "has established the exclusive means of assessing default charges when a debtor fails to meet timely his installment obligations." (See OAG #5486, April 30, 1979). Similarly, on August 11, 1980, in a memorandum opinion, the Attorney General opined that in Section 191(c) of the Code, the Legislature established the exclusive means by which late charges can be exacted on simple interest installment loans under the Code. The Attorney General concluded that a bank may not assess a late charge where the Legislature has expressly prescribed an alternative method for assessing late charges. Section 191(a) of the Code does not prescribe a method by which a bank may assess a charge when a payment is made after the due date.

Section 191(a) of the Code is silent on whether a bank may assess a late payment charge as a result of a default on a credit card account. The late charge, as represented by MNB, is intended to recover the "additional expense to the Bank in administering the delinquent account." The amount of the fee contemplated by MNB would not appear to be geared to the amount of the payment that is late but would reimburse the bank for the additional expenses occasioned by the late payment. Nor, according to MNB, is the late payment charge intended to compensate the lender for the additional interest cost borne by the lender.

Conclusion

In responding to the threshold question, the Bureau feels compelled to address two separate issues. The first issue is the threshold question as it relates to the applicable sections of law.

In answer to the threshold question as it relates to Section 10 of the CC Act, it is concluded that while a reasonable late charge is not part of the "interest" which is subject to the 1.5% per month ceiling, Section 2(2) of the act contains restrictive language that appears to prohibit the assessment of any fees or charges absent specific authorization. Section 2(2) states as follows:

Sec. 2(2) A licensee shall not make or offer to make a credit card arrangement except on the terms and conditions authorized by this act and the rules promulgated under this act.

Since the act expressly authorizes a licensee to collect only interest of up to 1.5% per month on the unpaid balance and a fee for the privilege of having a credit card or charge card, it is concluded that the above limiting language prohibits the assessment of a late charge.

In response to the threshold question as it relates to Section 191(a) of the Code, it is concluded, based on the foregoing Discussion of Law and on the fact that Section 191 of the Code does not expressly prohibit the assessment of late charges, that a bank may assess a reasonable late charge in connection with a delinquent payment made under a credit card agreement and such reasonable late charge does not constitute "interest and charges" under Section 191(a).

In response to the threshold question as it relates to Section 718 of the S & L Act, it is concluded that a bank, using the "most favored lender" authority,* may borrow the authority to charge "simple interest" of up to 1.5% per month, may assess a reasonable late charge as a result of a delinquent payment, and such charge does not constitute "interest". Like Section 191(a) of the Code, Section 718 of the S & L Act does not expressly prohibit the assessment of a late charge in connection with a late payment under a credit card agreement. Moreover, the S & L Act contains no language which prescribes the method of collecting charges for late payments (such as the language found in Section 191(c) of the Code).

It should be added and underscored that the above conclusions are subject to the following conditions:

1. The right to assess and collect a late charge must be contained in the bank's agreement with its credit cardholders.

2. The amount of the late charge should be a flat fee and should be reasonable and fairly reflect the amount of additional expenses that the bank typically incurs in handling delinquent payments.

The Bureau notes that MNB contemplates "and proposes to impose a late payment fee . . . . in the amount of up to $15" which raises a second issue. The mere mention of a late charge of up to $15 forces the Bureau to make clear that the above conclusion as to the threshold question does not amount to an approval of a late charge in an amount of up to $15.

The Bureau cannot pass judgement on the reasonableness of the amount of the fee (up to $15) that MNB contemplates. MNB did not propose a late charge of a specific dollar amount, nor did it furnish information identifying the additional processing steps the bank must perform and which are occasioned by a delinquent payment. The Bureau believes that the bank, using reasonableness as a guide, could have proposed a late charge of a specific amount without forfeiting its right subsequently to adjust the amount of the charge in the face of a changed set of circumstances, e.g., an increase in costs incurred. It should also be noted that the failure to state a fee of a specific amount or to identify the additional processing steps arising out of the late payment is not a trifling omission. This conclusion is based on Section 63 of the Administrative Procedures Act, MCL 24.263, which reads as follows:

"On request of an interested person, an agency may issue a declaratory ruling as to the applicability to an actual state of facts of a statute administered by the agency or of a rule or order of the agency. An agency shall prescribe by rule the form for such a request and procedure for its submission, consolidation and disposition. A declaratory ruling is binding on the agency and the person requesting it unless it is altered or set aside by any court. An agency may not retroactively change a declaratory ruling but nothing in this subsection prevents an agency from prospectively changing a declaratory ruling. A declaratory ruling is subject to judicial review in the same manner as an agency final decision or order in a contested case." (emphasis added)

This section states that "an actual state of facts" is to be the basis for a declaratory ruling. In our opinion, "an actual state of facts" should include both the specific amount of fee contemplated and the basis for arriving at that amount. Since a declaratory ruling is subject to judicial review, the Bureau is reluctant to issue a declaratory ruling on less than an actual state of facts. To do so could result in the declaratory ruling being overturned by a court.

Therefore, it is the opinion of the Bureau that a bank may assess a reasonable late charge as a result of a delinquent payment. The question concerning the reasonableness of assessing a late charge of "up to $15" is not a proper request and no response can be provided.

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* The "most favored lender" authority permits a federally insured depository financial institution, on a given type of loan, to charge the greater of one percent in excess of the Federal Reserve discount rate or the rate allowed "by the laws of the State" where such depository institution is located. See OAG No. 5894, May 1, 1981. Tiffany v National Bank of Missouri, 85 US 409; 21 L Ed 862 (1873); and Northway Lanes v Hackley Union National Bank & Trust Co., 464 F 2d 855 (CA6, 1972).

Eugene W. Kuthy

Eugene W. Kuthy, Commissioner
Financial Institutions Bureau
Department of Commerce

DATE:
June 17, 1986

IN-RE: REQUEST BY FIRST UNION MORTGAGE CORPORATION FOR A DECLARATORY RULING ON WHETHER SECTIONS 802-804 OF THE GARN-ST. GERMAIN DEPOSITORY INSTITUTIONS ACT OF 1982 (HEREINAFTER, GSDIA OF 1982) PREEMPTS STATE LAW RESTRICTIONS ON ALTERNATIVE MORTGAGE TRANSACTIONS MADE BY NONFEDERALLY CHARTERED HOUSING CREDITORS CONTAINED IN SECTION 23 (1)(C) OF THE SECONDARY MORTGAGE ACT.

DECISION

Statement of Facts

First Union Mortgage Corporation (FUMC) is a North Carolina Corporation and a wholly owned subsidiary of First Union National Bank, located in Charlotte, North Carolina (FUNB). FUMC is considering applying for a license under the Secondary Mortgage Act. As a licensee, FUMC would be engaged primarily in the business of making non-purchase money adjustable rate second mortgage loans in Michigan. That is, FUMC wishes to make adjustable rate second mortgage loans that neither finance the purchase of a home nor refinance a portion of a prior purchase money obligation.

The question which FUMC asks can be stated as follows:

Is the application of section 23 (1)(c) of the Secondary Mortgage Act to non-purchase money adjustable rate second mortgage loans which FUMC plans to make preempted by GSDIA of 1982 and the relevant regulations issued thereunder?

On March 12, 1986, a letter from Mr. Lloyd C. Fell of the law firm Simpson & Moran representing FUMC was received by Commissioner Eugene W. Kuthy. The letter requested a declaratory ruling on the above-captioned question.

Statutes

The sections of law to which the above question applies are as follows:

1. Section 23(1) of the Secondary Mortgage Act, as amended, MCLA 493.73(1):

Sec. 23 (1) An instrument evidencing or securing a secondary mortgage loan shall not contain any of the following:

(a) A power of attorney to confess judgment.

(b) A provision by which the debtor waives rights accruing under this act, any federal law, or law of this state.

(c) Except for instruments permitted by subsection (2), a requirement that an installment be substantially greater than a preceding installment.

(d) An assignment of or order for the payment of salary, wages, commissions, or other compensation for services, or any part thereof, earned or to be earned.

(e) Shall not compel, encourage or induce a borrower to incorporate to evade the provisions of this act.

(f) A provision by which a debtor agrees to pay damages absent a judgment by a court.

2. Section 804 (a) of the GSDIA of 1982, Pub. L. 97-320:

Sec. 804 (a) In order to prevent discrimination against state-chartered depository institutions and other nonfederally chartered housing creditors, with respect to making, purchasing, and enforcing alternative mortgage transactions, housing creditors may make, purchase, and enforce alternative mortgage transactions, except that this section shall apply -

(1) with respect to banks, only to transactions made in accordance with regulations governing alternative mortgage transactions as issued by the Comptroller of the Currency for national banks, to the extent that such regulations are authorized by rulemaking authority granted to the Comptroller of the Currency with regard to national banks under laws other than this section;

(2) with respect to credit unions, only to transactions made in accordance with regulations governing alternative mortgage transactions as issued by the National Credit Union Administration Board for Federal credit unions, to the extent that such regulations are authorized by rulemaking authority granted to the National Credit Union Administration with regard to Federal credit unions under laws other than this section; and

(3) with respect to all other housing creditors, including without limitation, savings and loan associations, mutual savings banks, and savings banks, only to transactions made in accordance with regulations governing alternative mortgage transactions as issued by the Federal Home Loan Bank Board for federally chartered savings and loan associations, to the extent that such regulations are authorized by rulemaking authority granted to the Federal Home Loan Bank Board with regard to federally chartered savings and loan associations under laws other than this section.

(b) For the purpose of determining the applicability of this section, an alternative mortgage transaction shall be deemed to be made in accordance with the applicable regulation notwithstanding the housing creditor's failure to comply with the regulation, if -

(1) the transaction is in substantial compliance with the regulation; and

(2) within sixty days of discovering any error, the housing creditor corrects such error, including making appropriate adjustments, if any, to the account.

(c) An alternative mortgage transaction may be made by a housing creditor in accordance with this section, notwithstanding any State constitution, law, or regulation.

Discussion of Law

The question asked by FUMC is whether federal law governing alternative mortgage transactions (in GSDIA of 1982 and applicable regulations issued thereunder) preempts provisions of state law, e.g., Section 23 (1)(c), which might be interpreted to prohibit the use of a variable rate on a secondary mortgage loan. FUMC argues that Sections 802-804 of the GSDIA of 1982 and applicable regulations preempt provisions of Michigan law which might be interpreted to prohibit or otherwise restrict the use of variable rates on second mortgage loans.

It should be noted that the position of the Bureau has been that Section 23 (1)(c) would prohibit a change in rate that contractually could give rise to a substantial increase in payment. In effect, under the Secondary Mortgage Act, a lender could not legally make a variable rate second mortgage loan if it resulted in an installment being "substantially greater than a preceding installment." The Bureau believes that the legislative intent clearly was to prevent a substantial increase in payments. The attempt of the Legislature to prohibit substantial increases in payments could easily be thwarted were variable rate second mortgage loans to be permitted.

The Bureau believes that the GSDIA of 1982 and relevant regulations issued thereunder preempt restrictions against rate variability which are contained in the Secondary Mortgage Act. Section 802 (b) Title VIII of the GSDIA of 1982, entitled the "Alternative Mortgage Transaction Parity Act of 1982" clearly stated the intent of Congress to preempt state laws.

> (b) It is the purpose of this title to eliminate the discriminatory impact that those regulations have upon nonfederally chartered housing creditors and provide them with parity with federally chartered institutions by authorizing all housing creditors to make, purchase, and enforce alternative mortgage transactions so long as the transactions are in conformity with the regulations issued by the Federal agencies.

It appears that the intent of Congress was to give "all other housing creditors" including state-chartered banks, savings and loan associations, mutual savings banks, credit unions, and other lenders licensed under applicable state laws, parity with federally chartered institutions. Section 804 (a)(3) of the GSDIA of 1982 (quoted above) is clear that an "other housing creditor" making an alternative mortgage transaction must comply with "...regulations governing alternative mortgage transactions as issued by the Federal Home Loan Bank Board for federally chartered savings and loan associations..."

The Federal Home Loan Bank Board has issued regulations governing alternative mortgage transactions made by the above-named "other housing creditors." The Appendix to 12 C.F.R. 545.32 (b)(3) and (4), and 12 C.F.R. 545.33 (c), (e),and (f)(4)-(11), of regulations issued by the Federal Home Loan Bank Board states as follows:

> "Pursuant to Title VIII, Pub. L. 97-320, housing creditors that are not commercial banks, credit unions, or Federal associations may make alternative mortgage transactions (as defined by Section 803 of Pub. L. 97-320 and as further defined and described by applicable regulations identified herein) notwithstanding any state constitution, law or regulation."

FUMC states that one preemption of state restrictions on adjustable rate mortgages under Section 804 (a)(1) of the GSDIA of 1982 and the Comptroller's regulations is not applicable to non-purchase money adjustable rate second mortgage loans. FUMC argues, however, that it is an "other housing creditor" authorized by Section 804 (a)(3) of the GSSDIA of 1982 to make alternative mortgage transactions in accordance with regulations issued by the Federal Home Loan Bank Board. These regulations have general applicability, i.e., they apply to any mortgage loan made by a housing creditor. Thus, for example, 12 C.F.R. 545.32 (b)(3), authorizes adjustments in the interest rate, payment, balance, or term to maturity on any real estate loan. The regulations preempting state law are not confined to purchase money mortgages.

Conclusion

Based on the foregoing, it is concluded that FUMC may make non-purchase money adjustable rate second mortgage loans in reliance on the federal preemption contained in the GSDIA of 1982 and the regulations applicable to housing creditors other than banks and credit unions. To the extent that FUMC intends to make such mortgages, it must comply with 12 C.F.R. 545.32 (b)(3) and (4) and 545.33 (c), (e), and (f)(4)-(11) of the regulations issued by the Federal Home Loan Bank Board.

It must be added that in order for FUMC to make adjustable rate second mortgage loans in reliance on the above-described federal preemption, it first must obtain a license under the Secondary Mortgage Act. This conclusion is based on the definition of "housing creditor" contained in Section 803 (2) of the GSDIA of 1982 which states as follows:

> (2) the term "housing creditor"means -
>
> (A) a depository institution, as defined in Section 501 (a)(2) of the Depository Institutions Deregulation and Monetary Control Act of 1980;
>
> (B) a lender approved by the Secretary of Housing and Urban Development for participation in any mortgage insurance program under the National Housing Act.
>
> (C) any person who regularly makes loans, credit sales, or advances secured by interests in properties referred to in paragraph (1); or
>
> (D) any transferee of any of them.
>
> A person is not a "housing creditor" with respect to a specific alternative mortgage transaction if, except for this title, in order to enter into that transaction, the person would be required to comply with licensing requirements imposed under State law, unless such person is licensed under applicable State law and such person remains, or becomes, subject to the applicable regulatory requirements and enforcement mechanisms provided by State law.

Finally, in response to FUMC's contention that "FUMC may be entitled to preemption under Garn and Section 34.2 (a)(2) of the Comptroller's regulations," the Bureau is convinced that a mortgage company may not avail itself of the preemptive authority contained in regulations issued by the Comptroller of the Currency. Only national banks and state-chartered banks may rely on the authority contained in the regulations issued by the Comptroller to make alternative mortgage transactions. Thus, even though FUMC is a subsidiary of FUNB, a national bank, its authority to make alternative mortgage transactions, as a nonbank institution, comes from the applicable regulations issued by the Federal Home Loan Bank Board.

It should be added that even though FUMC is a wholly owned subsidiary of FUNB, for purposes of Michigan law, FUMC is not a branch office of FUNB. If FUMC were operating as a branch office of FUNB, it would be in violation of the prohibition on interstate branching contained in the McFadden Act. Further, if subsequent to licensure, FUMC were deemed to be a bank, it would be ineligible to continue as a licensee under the Secondary Mortgage Act since Section 2 provides that a "person" shall not make or negotiate a secondary mortgage loan in the regular course of business unless the person is licensed under the act. "Person" is defined in Section 1(c) to exclude a state or national bank.

Eugene W. Kuthy

Eugene W. Kuthy
Financial Institutions Bureau
Department of Commerce

Date June 26, 1986

CONSUMER FINANCE
BULLETIN 1986-1
INFORMATIONAL AND INTERPRETIVE STATEMENT

TO THE SECONDARY MORTGAGE LICENSEE ADDRESSED:

SUBJECT: Open-End Second Mortgage Loans

Title VIII of the Garn-St. Germain Act entitled the "Alternative Mortgage Transactions Parity Act of 1982" (12 USCA Sect. 3801 et seq.) permits certain creditors to make alternative mortgage loans, including real estate secured, open-end loans with fixed or variable rates notwithstanding the provisions of the Secondary Mortgage Act, Act No. 125, Public Acts of 1981. Title VIII does not, however, preempt the Secondary Mortgage Act in its entirety. Licensing requirements, provisions on minimum loan size, rate restrictions and loan processing fee limitations among other provisions, are not preempted.

Several issues and concerns have been raised as to the applicability of the federal preemption. The purpose of this correspondence is to clarify the Bureau's position in regard to the application of a number of the provisions of the Secondary Mortgage Act as they relate to real estate secured, open-end loans made under the authority of the federal preemption. These interpretations are meant to provide information to those secondary mortgage licensees who may be anticipating offering second mortgage line of credit loans in the future.

State Licensing Requirements

In order to qualify as a housing creditor as indicated by section 3802(2) of the Garn-St. Germain Act, a person must first be licensed by the state's Financial Institutions Bureau as a second mortgage licensee in order to offer a second mortgage revolving loan under the federal preemption, unless it is exempt from the Secondary Mortgage Act by its provisions. Currently the only entities that are specifically exempted from the Secondary Mortgage Act are state or national banks, state or federal savings and loan associations, insurance companies or other financial institutions subject to another law of this state or of the United States regulating the power of the financial institution to engage in secondary mortgage loan transactions.

Minimum Loan Amount

By definition in the Secondary Mortgage Act, a "secondary mortgage loan means a loan of $3,000 or more ..." Because the minimum loan size is not specifically preempted by the Garn-St. Germain Act, this restriction still applies to alternative mortgage loans made pursuant to the authority of the Secondary Mortgage Act. In cases where a line of credit or open-end loan is being established, the $3,000 minimum loan amount applies to the initial draw on the line of credit loan. Subsequent draws upon a previously established line of credit will not be subject to the minimum loan amount requirement.

Interest Rate Restriction

Section 21 of the Secondary Mortgage Act limits the interest charged on a second mortgage loan to 18% per year, computed on the basis of the actual unpaid balance of the principal of the loan on a daily or monthly basis for the time actually outstanding until the loan is paid in full. Alternative mortgage loans made pursuant to Title VIII of the Garn-St. Germain Act by secondary mortgage licensees will be subject to this rate restriction.

Loan Processing Fee

Section 22(1)(e) of the Secondary Mortgage Act authorizes a loan processing fee which is nonrefundable of not more than 2% of the gross amount of the loan but, not more than $200.00. Application of this limit to line of credit loans limits the assessment of the fee to the first $10,000.00 in draws on a line of credit, regardless of the number of draws involved, up to the $200.00 maximum fee. For example, a lender may charge a $60.00 loan processing fee on an initial draw of $3,000, an additional fee of $100.00 on a subsequent draw of $5,000.00 and additional fees at 2% of the draw until such time as the total loan processing fees equal $200.00.

Further questions regarding specific applications of the provisions of the Secondary Mortgage Act involving alternative mortgage transactions should be directed to the Consumer Finance Division of the Financial Institutions Bureau at (517) 373-3470.

Eugene W. Kuthy
Eugene W. Kuthy
Commissioner

September 29, 1986
Date

John W. Drury
John W. Drury, Director
Consumer Finance Division

STATE OF MICHIGAN
DEPARTMENT OF COMMERCE
FINANCIAL INSTITUTIONS BUREAU

IN RE: REQUEST BY HOUSEHOLD FINANCE CORPORATION FOR A DECLARATORY RULING ON THE AUTHORITY OF LICENSEES UNDER THE SECONDARY MORTGAGE LOAN ACT, (M.S.A. 26.568(1)et seq.) TO MAKE FIXED RATE AND VARIABLE RATE REAL ESTATE SECURED REVOLVING (OPEN-END) LOANS PURSUANT TO TITLE VIII OF THE GARN-ST. GERMAIN DEPOSITORY INSTITUTIONS ACT OF 1982, ENTITLED "ALTERNATIVE MORTGAGE TRANSACTION PARITY ACT OF 1982" (12 U.S.C. Section 3801 et seq.)

______________________________________/

DECISION

STATEMENT OF FACTS

Household Finance Corporation (H.F.C.) is a Delaware corporation and a wholly owned subsidiary of Household International whose principal offices are located in Prospect Heights, Illinois. H.F.C. owns and operates 33 separately licensed secondary mortgage loan offices, 27 of which are located in the State of Michigan, through Household Realty Corporation, a wholly owned subsidiary of H.F.C.

H.F.C. has requested a declaratory ruling confirming that fixed rate and variable rate real estate secured revolving (open-end) loans may be made by Household Realty Corporation, through their secondary mortgage licensees in Michigan, pursuant to the preemptive provisions of Title VIII of the Garn-St. Germain Depository Institutions Act of 1982 (hereinafter GSDIA of 1982).

On Tuesday, April 29, 1986, a letter from Mr. William J. Sparer, Counsel for Household Finance Corporation was received by Commissioner Eugene W. Kuthy of the Financial Institutions Bureau. The letter requested a declaratory ruling on the above-referenced question, and provided written documentation of federal statutes and regulations supporting their position on the matter.

Statutes

The sections of law applicable to this request for declaratory ruling are as follows:

1. Section 3804 (a) of Title VIII of the GSDIA of 1982, Public Law 97-320.

Sec. 3804

(a) The provisions of section 3803 of this title shall not apply to any alternative mortgage transaction in any State made on or after the effective date (if such effective date occurs on or after the effective date of this title and prior to a date three years after the effective date of this title) of a State law or a certification that the voters of such State have voted in favor of any provision, constitutional or otherwise, which states explicitly and by its terms that such State does not want the preemption provided in section 3803 of this title to apply with respect to alternative mortgage transactions (or to any class or type of alternative mortgage transaction) subject to the laws of such State, except that section 3803 of this title shall continue to apply to:

(1) any alternative mortgage transaction undertaken on or after such date pursuant to an agreement to undertake such alternative mortgage transaction which was entered into on or after the effective date of this title and prior to such later date (the "preemption period"); and

(2) any renewal, extension, refinancing, or other modification of alternative mortgage transaction that was entered into during the preemption period.

2. Section 3803 (a) of Title VIII of the GSDIA of 1982, Public Law 97-320:

Sec. 3803

(a) In order to prevent discrimination against State-chartered depository institutions, and other nonfederally chartered housing creditors, with respect to making, purchasing, and enforcing alternative mortgage transactions, housing creditors may make, purchase, and enforce alternative mortgage transactions, except that this section shall apply:

(1) with respect to banks, only to transactions made in accordance with regulations governing alternative mortgage transactions as issued by the Comptroller of the Currency for national banks, to the extent that such regulations are authorized with regard to national banks under laws other than this section;

(2) with respect to credit unions, only to transactions made in accordance with regulations governing alternative mortgage transactions as issued by the National Credit Union Administration Board for Federal credit unions, to the extent that such regulations are authorized by rulemaking authority granted to the National Credit Union Administration with regard to Federal credit unions under laws other than this section; and

(3) with respect to all other housing creditors, including without limitations, savings and loan associations, mutual savings banks, and savings banks, only to transactions made in accordance with regulations governing alternative mortgage transactions as issued by the Federal Home Loan Bank Board for federally chartered savings and loan associations, to the extent that such regulations are authorized by rulemaking authority granted to the Federal Home Loan Bank Board with regard to federally chartered savings and loan associations under laws other than this section.

3. Section 3802 of Title VIII of the GSDIA of 1982, Public Law 97-320:

Sec. 3802

As used in this title:

(1) the term "alternative mortgage transaction" means a loan or credit sale secured by an interest in residential real property, a dwelling, all stock allocated to a dwelling unit in a residential cooperative housing corporation, or a residential manufactured home (as that term is defined in section 5402(6) of Title 42):

(A) in which the interest rate or finance charge may be adjusted or renegotiated;

(B) involving a fixed-rate, but which implicitly permits rate adjustments by having the debt mature at the end of an interval shorter than the term of the amortization schedule; or

(C) involving any similar type of rate, method of determining return, term, repayment, or other variation not common to traditional fixed-rate, fixed-term transactions, including without limitation, tranasactions that involve the sharing of equity or appreciation; described and defined by applicable regulation; and

(2) the term "housing creditor" means:

(A) a depository institution, as defined in section 501(a)(2) of the Depository Institutions Deregulation and Monetary Control Act of 1980;

(B) a lender approved by the Secretary of Housing and Urban Development for participation in any mortgage insurance program under the National Housing Act;

(C) any person who regularly makes loans, credit sales, or advances secured by interests in properties referred to in paragraph (1); or

(D) any transferee of any of them.

A person is not a "housing creditor" with respect to a specific alternative mortgage transaction if, except for this title, in order to enter into that transaction, the person would be required to comply with licensing requirements imposed under State law, unless such person is licensed under applicable State law and such person remains, or becomes, subject to the applicable regulatory requirements and enforcement mechanisms provided by State law.

Discussion of Law

The question asked by H.F.C. is whether federal law governing alternative mortgage transactions (Title VIII of GSDIA of 1982, entitled Alternative Mortgage Transaction Parity Act of 1982) allows licensees under the Michigan Secondary Mortgage Act (M.S.A. 26.568(1) et seq.) to make fixed rate and variable rate real estate secured revolving (open-end) loans. Title VIII of GSDIA of 1982, and applicable federal regulations issued thereunder, does preempt certain provisions of the Michigan Secondary Mortgage Act. This preemption applies only to "alternative mortgage transactions" made by a "housing creditor" as defined by the Alternative Mortgage Transactions Parity Act of 1982.

Section 3801 (b) of Title VIII of GSDIA of 1982 clearly establishes the intent of Congress to specifically preempt state laws.

Sec. 3801

(b) It is the purpose of this title to eliminate the discriminatory impact that those regulations have upon nonfederally chartered housing creditors and provide them with parity with federally chartered institutions by authorizing all housing creditors to make, purchase, and enforce alternative mortgage transactions so long as the transactions are in conformity with the regulations issued by the Federal agencies.

The intent of Congress was to grant "all housing creditors", including state-chartered and licensed institutions, the authority to make alternative mortgage transactions in parity with federally chartered institutions.

Section 3804 (a) of GSDIA of 1982 establishes the applicability of the federal preemption. This section provides for a three-year period in which a state, by State law or vote, may decide not to allow the provisions of Title VIII of GSDIA of 1982 to take permanent effect. Since no action was taken by the Michigan Legislature or by the voters of the state prior to the expiration of this "opt-out" period on October 15, 1985, the provisions of the federal preemption now apply to mortgage transactions made by qualifying lenders in Michigan.

Given the intent and applicability of the federal preemption to state law, one must now look to the qualifications of H.F.C. as a "housing creditor," as defined by Title VIII of GSDIA of 1982.

Section 3802 of Title VIII includes within the definition of housing creditor, "any person who regularly makes loans, credit sales, or advances secured by interests in [...residential real property, a dwelling, all stock allocated to a dwelling unit in a residential cooperative housing corporation, or a residential manufactured home...]" Further, any housing creditor under this definition would not qualify with respect to a specific alternative mortgage transaction if, except for the federal preemption, in order to enter into that transaction, the person would be required to comply with licensing requirements imposed under State law, unless such person is licensed under applicable State law and such person remains, or becomes, subject to applicable regulatory requirements and enforcement mechanisms provided by State law.

H.F.C. has maintained a number of offices licensed under the authority of the Secondary Mortgage Act. As licensed lenders, these offices qualify under section 3802 (2)(c) of Title VIII of the GSDIA of 1982 as "housing creditors".

The final question is whether fixed rate and variable rate real estate secured revolving (open-end) loans, as proposed by H.F.C., qualify as "alternative mortgage transactions" under Title VIII of the GSDIA of 1982. Section 3802 of the GSDIA of 1982 defines alternative mortgage transaction and clearly authorizes both fixed-rate and variable-rate real estate secured loans involving alternative repayment schemes as authorized by the applicable federal regulation. For housing creditors other than a bank or credit union, the applicable federal regulations are those issued by the Federal Home Loan Bank Board for federally chartered savings and loan associations.

Section 545.32 (b)(4) of those regulations, which defines the types of real estate loans in which a federal association or housing creditor may participate, allows real estate loans which "may be fully amortized, partially amortized, nonamortized, or a line-of-credit loan, and the loan contract may provide for the deferral and capitalization of a portion of the interest." (emphasis added)

Conclusion

Based upon the foregoing discussion, it is concluded that Household Finance Corporation may, through its licensed secondary mortgage loan subsidiary Household Realty Corporation, offer and provide fixed rate and variable rate real estate secured revolving second mortgage loans, pursuant to the authority and regulations of Title VIII of the Garn-St. Germain Depository Institutions Act of 1982, entitled

"Alternative Mortgage Transaction Parity Act of 1982" (12 U.S.C. Section 3801 et seq.) To the extent that Household Realty Corporation intends to make such loans in Michigan, it must comply with federal savings and loan association regulations (12 C.F.R. 545.32 (b)(3) and (4) and 545.33(c), (3) and (e) (4)-(11)) issued by the Federal Home Loan Bank Board.

It should be noted in regards to the instant case that the provisions of the Michigan Secondary Mortgage Loan Act (M.S.A. 26.568(1) et seq.) not specifically preempted by the federal law will remain in effect.

These provisions will include, though not be limited to, the following:

(1) Section 1(d) which by definition of a "secondary mortgage loan" requires that the loan amount must be at least $3,000.00 or more.

(2) Section 21 which limits the interest charge to 18% per year, computed on the basis of the actual unpaid balance of the principal of the loan on a daily or monthly basis for the time actually outstanding until the loan is paid in full.

(3) Section 22 which limits the types of charges and fees which may be assessed in conjunction with the making of a secondary mortgage loan. These limitations include a restriction on the amount charged as a loan processing fee of not more than 2% of the gross amount of the loan, but not more than $200.00.

It should also be noted that this ruling should not be interpreted as approving the specific provisions of the proposed General Revolving Lending policies and procedures as submitted in conjunction with the request for declaratory ruling dated April 29, 1986.

Eugene W. Kuthy

Eugene W. Kuthy, Commissioner
Financial Institutions Bureau
Department of Commerce

September 29, 1986
Date

October 15, 1986

TO: THE BOARD OF DIRECTORS OF THE CREDIT UNION ADDRESSED:

RAPID GROWTH-CONCERN

Recently, all NCUA-insured credit unions received a letter from the NCUA (letter No. 82) regarding the rapid growth of many credit unions. The Bureau, in its role as the primary regulator of state-chartered credit unions, has been carefully following this issue and its impact on the financial condition of credit unions. During the first six months, shares and deposits in Michigan's state-chartered credit unions grew at an unprecedented annual rate of 30%. Over the same period, the annual growth in member loans was only 7.7%, and member loan-to-savings ratio had fallen to a low of 58.5%. In most cases, paying above-market interest rates for savings has been responsible for the rapid growth. Currently credit unions have more liquidity than ever, owing in part to the failure of member loan demand to keep pace with the significant increase in savings.

Though rapid growth is not necessarily undesirable, growth in shares and deposits that is not matched by at least an equivalent percentage growth in reserves and undivided earnings, and pursued with little or no regard for the member's demand for credit, cause safety and soundness concerns. For example, some credit unions have turned to riskier loans and investments in an effort to earn higher returns necessary to support continued growth. Others have invested in long term obligations and exposed themselves to market (interest rate) risk. More commonly, in their efforts to invest the excess liquidity, credit unions have failed to diversify their investments, which has resulted in undue risk of loss.

It is the opinion of the Bureau that growth strictly for growth's sake is an undesirable practice. The Bureau is particularly concerned about a rapid expansion of savings that is outstripping reserve and undivided earnings growth and is greatly exceeding what is needed to satisfy loan demand. Each credit union is urged to examine the interest rates paid for savings and charged on loans in the context of the two-fold purpose of promoting thrift and making loans at legitimate rates of interest for provident purposes. The Bureau suggests that credit unions whose excessive growth in savings outstrips reserve and earnings retention and loan demand should seriously consider adjusting their rates of interest on savings and loans to reflect market conditions.

INVESTMENT RISKS

Credit union directors carry the ultimate responsibility for adopting and exercising a safe and sound investment policy that minimizes risk when investing excess liquidity. Boards, in fulfilling their responsibility, address many issues in establishing a sound investment policy. Three of the critical issues concerning risk that need to be addressed in an investment policy are the credit, market and concentration risks. The credit risk must be addressed by having skilled staff or investment advisors available to continually review the credit quality of all organizations in which the board has chosen to invest. The market risk should be addressed by having an asset/liability program that minimizes the risk resulting from interest rate fluctuations. The concentration risk can be dealt with by a board policy that establishes the maximum acceptable exposure of one obligor. One way to do this is to tie the maximum to a percentage of reserves and undivided earnings. Establishing such a limitation will protect the credit union from a catastrophe in the event that a particular obligor fails to meet its obligations.

In the opinion of the Bureau, for a credit union Board to ignore any of these risks in its investment program is an unsound and unsafe practice that will be criticized by our examiners.

Eugene W. Kuthy

Eugene W. Kuthy, Commissioner
Financial Institutions Bureau

Michael N. Fitzgerald, Director
Credit Union Division

NOTES

Erratum: The table on page 92 reflects an inaccurate figure for total loans held by Central Credit Union as of year-end 1986. The correct figure is $14.149 million.